

ANALYSIS OF AMENDED BILL

Author: Wagner Analyst: Diane Deatherage Bill Number: AB 383
 Introduced Date: February 14, 2013
 Related Bills: None Telephone: 845-4783 Amended Date: April 22, 2013
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Code Maintenance

SUMMARY

This bill would make numerous technical, non-substantive changes as a matter of code maintenance to various California codes, including to the Revenue and Taxation Code (R&TC).

This analysis is limited to discussion of the changes that would affect the department.

RECOMMENDATION

No position.

Summary of Amendments

The April 22, 2013, amendments made a minor technical, non-substantive change to the bill.

Summary of Suggested Amendments

Amendment 1 and 2 are proposed to preserve current, relevant cross references.

REASON FOR THE BILL

The reason for this bill is to prevent confusion in applying state law by correcting cross-references, amending terminology for clarification, amending provisions to reflect the current style for drafting legislation, and renumbering one provision to place in a more relevant area of the R&TC.

EFFECTIVE/OPERATIVE DATE

If enacted during the 2013 legislative session, this bill would become effective and operative on January 1, 2014, unless another act chaptered in 2013 that takes effect on or before January 1, 2014, amends or repeals a provision that would be amended or repealed by this bill, in which case, the changes made by the other act shall prevail and nullify the changes made by this bill.

Board Position:	Executive Officer	Date
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ANALYSIS

FEDERAL/STATE LAW

As sections of state law are amended, references to those sections in other parts of the law are sometimes not updated to reflect the amendment. In addition, provisions enacted in earlier years may not reflect the current legislative style for drafting legislation.

Incorrect cross-references, unclear terminology, and language that is not consistent with the current style for drafting legislation can create confusion for taxpayers and the department when applying state law.

THIS BILL

This bill would make the changes shown in the following table to correct cross-references, amend terminology for clarification, amend provisions to reflect the current style for drafting legislation, and renumber one section.

R&TC Section	Cross Reference	Terminology	Style Change	Renumbered R&TC Section
17276.20		X	X	
18152.5	X¹	X	X	
18738		X	X	
23685		X		
24416.20			X	
24900				X²

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the department.

TECHNICAL CONSIDERATIONS

The amendment³ made to R&TC section 18152.5 would change to reference to IRC section 41(b)(4) to section 41(b)(2). R&TC section 18152.5 is patterned after IRC section 1202. IRC section 1202 was added under Public Law 103-66, Sec. 13113(a), effective for stock issued after 08/10/93 and the original language in IRC section 1202(e)(2)(C)⁴ included the reference to IRC section 41(b)(4). Therefore, R&TC section 18152.5's reference to federal law should remain IRC section 41(b)(4) and this amendment should be removed from this bill. Amendment 1 is provided to retain the original IRC reference.

¹ See Summary of Suggested Amendments section (Amendment 1).

² See Summary of Suggested Amendments section (Amendment 2).

³ As shown on page 395, line 28 (AB 383, as amended April 22, 2013) and page 394, line 2 (AB 383, as introduced February 14, 2013).

⁴ IRC section 1202(e)(2)(C) states " activities with respect to in-house research expenses described in section 41(b)(4)".

The amendment⁵ made to renumber R&TC section 24900 as section number 24452 to place it in a more relevant area of the R&TC would create a duplicate section number because R&TC section 24452 already exists. Amendment 2 suggests to renumber to 24455.

FISCAL IMPACT

This bill would not impact the department's costs.

ECONOMIC IMPACT

The provisions in this bill would not impact the state's income or corporation tax revenues.

SUPPORT/OPPOSITION

Support: None provided.

Opposition: None provided.

ARGUMENTS

Proponents: Some may argue that technical code maintenance increases the ease of understanding the state's laws.

Opponents: Some may argue that correcting technical issues should be addressed when reviewing changes to the tax system as a whole.

LEGISLATIVE STAFF CONTACT

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⁵ As shown on page 420, line 4 (AB 383, as amended April 22, 2013) and page 421, line 29 (AB 383, as introduced February 14, 2013).

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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 383
As Amended April 22, 2013

AMENDMENT 1

On page 395, line 28, strikeout "(2)" and insert:

(4)

AMENDMENT 2

On page 421, line 29, strikeout "24452" and insert:

24455