

ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Gaines, et al. Analyst: Janet Jennings Bill Number: AB 661
Related Bills: None Telephone: 845-3495 Amended Dates: March 18, 2013 & April 15, 2013
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: State Agency Financial Integrity and State Manager's Accountability Act

SUMMARY

This bill would modify the State Agency Financial Integrity and State Manager's Accountability Act of 1983 (FISMA).

RECOMMENDATION

No position.

Summary of Amendments

The March 18, 2013, and April 15, 2013, amendments modified state agencies' reporting responsibilities under the FISMA as discussed in this analysis. This analysis only addresses the provisions of the bill that impact the department's programs and operations.

This is the department's first analysis of the bill.

REASON FOR THE BILL

The reason for the bill is to improve the FISMA reporting and compliance.

EFFECTIVE/OPERATIVE DATE

This bill would be effective January 1, 2014, and operative for the FISMA reports required to be filed after that date.

ANALYSIS

STATE LAW

Current state law requires the head of each state agency subject to FISMA requirements to biennially conduct an internal review and prepare a report on the adequacy of the agency's systems of internal accounting, administrative control and monitoring practices in accordance with the guidance of the Department of Finance and the Office of the Controller. The reports are submitted to the Legislature, the California State Auditor, the Controller, the Treasurer, the Attorney General, the Governor, the Department of Finance, and to the state Library where they are available for public inspection. The Franchise Tax Board (FTB) is subject to the FISMA.

Board Position:

_____ S _____ NA X NP
_____ SA _____ O _____ NAR
_____ N _____ OUA

Executive Officer

Date

Selvi Stanislaus

6/6/13

THIS BILL

This bill would require that the FTB's FISMA reports including the response to review recommendations to be signed under penalty of perjury and requires copies of these reports to be posted on the FTB's Internet Website within five days of finalization.

The head of the FTB would be suspended without pay if the agency fails to submit the report within 30 days of the report deadline, until the FTB comes into compliance with the reporting requirements.

This bill would mandate the report to include the protocols for auditing and monitoring of the FTB's assets, liabilities, revenues, and expenditures, as well as reconciliation of accounting and budget documents reported to the Department of Finance and the office of the Controller.

This bill would mandate reporting of false or misleading information discovered in connection with any investigation for the biannual reporting to the Department of Finance and the Joint Legislative Audit Committee.

IMPLEMENTATION CONSIDERATIONS

The department is already in compliance with the FISMA reporting; therefore implementing this bill's modification to the report would not significantly impact the department's programs and operations.

OTHER STATES' INFORMATION

Because this bill only modifies reporting requirements regarding the financial activity of state agencies, a review of other states' tax information would not be relevant.

FISCAL IMPACT

The modification proposed by this bill would not significantly impact the department's costs.

ECONOMIC IMPACT

This bill would not impact the state's income tax revenue.

SUPPORT/OPPOSITION

Support: None on file.

Opposition: None on file.

ARGUMENTS

Proponents: Some could argue that this bill would improve reporting and compliance.

Opponents: Some could argue that this bill would unnecessarily complicate FISMA compliance.

LEGISLATIVE STAFF CONTACT

Janet Jennings

Legislative Analyst, FTB

(916) 845-3495

janet.jennings@ftb.ca.gov

Mandy Hayes

Revenue Manager, FTB

(916) 845-5125

mandy.hayes@ftb.ca.gov

Gail Hall

Legislative Director, FTB

(916) 845-6333

gail.hall@ftb.ca.gov