

BILL ANALYSIS

Department, Board, Or Commission Franchise Tax Board	Author Committee on Budget and Fiscal Review	Bill Number SB 100
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SUBJECT

Enterprise Zone (EZ) and Targeted Tax Area (TTA) Sales and Use Tax Credit Placed in Service Date

SUMMARY

This bill would modify the required placed in service date for the EZ and TTA sales and use tax credits.

This analysis addresses only the provisions of the bill that would impact the Franchise Tax Board (FTB).

REASON FOR THE BILL

The reason for the bill is to allow more taxpayers that purchase qualified property to qualify for the sales and use tax credit.

EFFECTIVE/OPERATIVE DATE

As a bill providing for appropriations related to the 2013 Budget Act, this bill would be effective immediately upon enactment. Provisions that affect the computation of tax are operative for taxable years beginning on or after January 1, 2013. Other provisions are operative as of the effective date.

ANALYSIS

STATE LAW

Chapters 69 and 70 of the Statutes of 2013, among other things, amended the EZ and TTA sales and use tax credit provisions. The EZ sales and use tax credit is available to a taxpayer that purchases and places in service qualified property before January 1, 2014. The TTA sales and use tax credit is available to a taxpayer that purchased qualified property and placed that property in service on or before December 31, 2012.

The TTA expired on December 31, 2012. As a result, the TTA sales and use tax credit is not available for taxpayers that either purchase or place in service qualified property on or after January 1, 2013.

Gail Hall, FTB Contact Person (916) 845-6333 (Office)	Executive Officer Selvi Stanislaus	Date 9/16/13
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THIS BILL

For purposes of the EZ and TTA sales and use tax credit, for taxable years beginning on or after January 1, 2013, this bill would extend the required placed in service date for qualified property until January 1, 2015.

The provisions of this bill modifying the TTA sales and use tax credit would have no effect because the TTA expired December 31, 2012, and these provisions are not operative for taxable years beginning before January 1, 2013.

In addition, this bill would revise the repeal dates for the EZ and TTA sales and use tax credit provisions from December 1, 2014, to December 1, 2015.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

Estimated Revenue Impact of SB 100 Assumed Enactment After September 30, 2013		
2013-14	2014-15	2015-16
-\$90,000	-\$200,000	-\$150,000

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

LEGISLATIVE HISTORY

AB 93 (Assembly Committee on Budget, Chapter 69, Statutes of 2013) repealed the geographically targeted economic development area tax incentives and the New Jobs Tax Credit under Personal Income Tax Law (PITL) and Corporation Tax Law (CTL), created a New Employment Credit under PITL and CTL, established the California Competes Tax Credit Committee, and created the California Competes Tax Credit under PITL and CTL.

AB 106 (Committee on Budget, 2013/2014) would continue to allow local entities to accept hiring credit voucher applications and issue vouchers until January 1, 2015, and would clarify that the EZ and Local Agency Military Base Recovery Area hiring credits are only available to taxpayers that hire employees that first commence employment before January 1, 2014. This bill was sent to engrossing and enrolling on September 12, 2013.

SB 90 (Wolk, Chapter 70, Statutes of 2013) provided clean-up and clarification to provisions of the New Employment Credit and the California Competes Tax Credit as added by Chapter 69 of the Statutes of 2013.

APPOINTMENTS

None.

SUPPORT/OPPOSITION

Support: None provided.

Opposition: None provided.

VOTES

Concurrence	09/11/13	Y: 35	N: 2
Assembly Floor	09/06/13	Y: 57	N: 8
Senate Floor	05/13/13	Y: 24	N: 9

The May 13, 2013, Senate Floor vote was a vote on the bill as a 2013 budget spot bill.

LEGISLATIVE STAFF CONTACT

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