

BILL ANALYSIS

Department, Board, Or Commission	Author	Bill Number
Franchise Tax Board	Lara	SB 1159

SUBJECT

Licensing Bodies Report to FTB Federal Tax Identification Numbers or Social Security Numbers of Applicants & Subject Licensees to Penalty for Failure to Provide Information

SUMMARY

This bill would modify licensing requirements under the Business and Professions Code, the Family Code, and the reporting requirements under the Revenue and Taxation Code.

This analysis will not address the bill's changes to the Business and Professions Code or the Family Code, as they do not impact the department or state income tax revenue.

REASON FOR THE BILL

The reason for the bill is to remove the barrier to obtaining a professional license due to the lack of a social security number (SSN).

EFFECTIVE/OPERATIVE DATE

This bill would become effective and operative January 1, 2015.

FEDERAL LAW

A Taxpayer Identification Number (TIN) is an identification number used by the Internal Revenue Service (IRS) in the administration of tax laws. The Social Security Administration issues a SSN whereas the IRS issues all other TINs. Examples of TINs are as follows:

- Social Security Number (SSN)
- Individual Taxpayer Identification Number (ITIN)
- Taxpayer Identification Number for Pending U.S. Adoptions (ATIN)

STATE LAW

Current state law prevents a licensing board from processing an application for an original license unless the applicant provides its federal employer identification number, or social security number.¹

¹ Business and Professions code Section 30(c)

Gail Hall, FTB Contact Person (916) 845-6333 (Office)	Executive Officer Selvi Stanislaus	Date 09/04/14
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Current state law requires a licensing board to furnish the Franchise Tax Board (FTB), upon request, the following information with respect to every license:

- Name.
- Address or addresses of record.
- Federal employer identification number if the entity is a partnership, or the SSN.
- Type of license.
- Effective date of license.
- Expiration date of license.
- Whether license is active or inactive, if known.
- Whether license is new or renewal.

The FTB may do the following:

- Send a notice to any licensee failing to provide the identification number or SSN to the license board in an application for a professional license.
- After 30 days following the issuance of the notice, assess a \$100 penalty, due and payable upon notice and demand.

The information furnished to the FTB by a licensing board is not a public record and is not open to the public for inspections.

THIS BILL

This bill would require that a licensing board furnish to the FTB, upon request, a licensee's ITIN in addition to the license information currently required to be provided.

ITINs provided in response to an FTB request would not be a public record open to the public for inspection. Additionally, an applicant that fails to provide the ITIN upon notice and demand by the FTB would be subject to a \$100 penalty.

LEGISLATIVE HISTORY

None.

OTHER STATES' INFORMATION

Since this bill is amending the requirements to obtain an occupational or professional license, a review of other states' tax information would not be relevant.

FISCAL IMPACT

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

ECONOMIC IMPACT

This bill would not change the tax liability owed. Allowing taxpayers to obtain an occupational license with an ITIN may increase the number of self employed filers resulting in a minimal revenue impact.

APPOINTMENTS

None.

SUPPORT/OPPOSITION²

Support: American Civil Liberties Union of California, California Immigrant Policy Center, California Pan-Ethnic Health Network, Mexican American Legal Defense and Educational Fund, National Association of Social Workers – California Chapter, Pre-Health Dreamers, United Farm Workers.

Opposition: None on file.

ARGUMENTS

Proponents: Some would argue that those without an ITIN should be allowed to obtain and renew a professional or occupational license.

Opponents: Some would argue that a valid SSN is needed to verify to whom a professional or occupational license is issued.

VOTES

	Date	Yes	No
Concurrence	08/29/14	30	4
Assembly Floor	08/22/14	51	23
Senate Floor	05/08/14	32	0

LEGISLATIVE STAFF CONTACT

Contact

Marybel Batjer, Agency Secretary, CalGovOps

Nancy Farias, Deputy Secretary for Legislation, CalGovOps

Selvi Stanislaus, Executive Officer, FTB

Gail Hall, Legislative Director, FTB

Work

916-651-9024

916-651-9373

916-845-4543

916-845-6333

² From the Assembly, Business Professions and Consumer Protection analysis dated 06/23/14.