

REVISED ANALYSIS

Franchise Tax Board

Author: Lieu, et al. Analyst: Diane Deatherage Bill Number: SB 209

Related Bills: See Prior Analysis Telephone: 845-4783 Amended Analysis Date: April 3, 2013

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Qualified Small Business Stock Exclusion or Deferral

SUMMARY

This bill would modify the terms of the exclusion and deferral of taxable gain applicable to the sale or exchange of qualified small business stock (QSBS).

SUMMARY OF REVISION

The revenue estimate contained in the department's analysis of the bill as amended April 3, 2013, has been revised due to incorrect totals in Table 1. The remainder of the department's analysis remains the same.

RECOMMENDATION

No position.

ECONOMIC IMPACT

Revenue Estimate

Original Estimate:

Table 1

	Estimated Revenue Impact of SB 209 As Amended on April 3, 2013 For Taxable Years Beginning On or After January 1, 2008 Assumed Enactment After June 30, 2013 (\$ in Millions)			
	2012-13	2013-14	2014-15	2015-16
Loss due to allowing exclusion to taxpayers who have not already claimed the QSBS exclusion between 2008 and 2012*	- \$38.0	- \$33.0	- \$5.2	- \$1.0
Loss due to not issuing assessments (NPAs) for tax years 2008 through 2011	- \$7.8	- \$3.0	- \$3.0	- \$24.0
Loss of interest owed on assessments (NPAs) for tax years 2008 through 2011	- \$0.8	- \$0.3	- \$0.5	- \$5.2
Total	- \$44.6	- \$34.3	- \$8.7	- \$30.2

Board Position:

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Legislative Director

Date

Gail Hall

5/3/13

*This estimate includes those taxpayers who did not claim the exclusion for 2008-2011 tax years and all taxpayers for the 2012 tax year.

Table 2	Estimated Revenue Impact of SB 209 As Amended on April 3, 2013 For Taxable Years Beginning On or After January 1, 2016 Assumed Enactment After June 30, 2013 (\$ in Millions)			
	2015-16	2016-17	2017-18	2018-19
Loss due to allowing exclusion to taxpayers that meet the payroll limitation for 2016 and beyond	- \$28.0	- \$46.0	- \$44.0	- \$43.0

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

Revised Estimate (revised amounts in bold):

Table 1	Estimated Revenue Impact of SB 209 As Amended on April 3, 2013 For Taxable Years Beginning On or After January 1, 2008 Assumed Enactment After June 30, 2013 (\$ in Millions)			
	2012-13	2013-14	2014-15	2015-16
Loss due to allowing exclusion to taxpayers who have not already claimed the QSBS exclusion between 2008 and 2012*	- \$38.0	- \$33.0	- \$5.2	- \$1.0
Loss due to not issuing assessments (NPAs) for tax years 2008 through 2011	- \$7.8	- \$3.0	- \$3.0	- \$24.0
Loss of interest owed on assessments (NPAs) for tax years 2008 through 2011	- \$0.8	- \$0.3	- \$0.5	- \$5.2
Total	- \$46.6	- \$36.3	- \$8.7	- \$30.2

*This estimate includes those taxpayers who did not claim the exclusion for 2008-2011 tax years and all taxpayers for the 2012 tax year.

Table 2	Estimated Revenue Impact of SB 209 As Amended on April 3, 2013 For Taxable Years Beginning On or After January 1, 2016 Assumed Enactment After June 30, 2013 (\$ in Millions)			
	2015-16	2016-17	2017-18	2018-19
Loss due to allowing exclusion to taxpayers that meet the payroll limitation for 2016 and beyond	- \$28.0	- \$46.0	- \$44.0	- \$43.0

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

LEGISLATIVE STAFF CONTACT

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