

SUMMARY ANALYSIS OF AMENDED BILL

Author: Price Analyst: Janet Jennings Bill Number: SB 211
 Related Bills: See Prior Analysis Telephone: 845-3495 Amended Date: May 8, 2013
 Attorney: Patrick Kusiak Sponsor: Franchise Tax Board

SUBJECT: Tax Data Sharing Between the FTB and Cities – Extend Sunset

SUMMARY

This bill would extend the sunset date on the reciprocal sharing of tax information between the Franchise Tax Board (FTB) and a city’s tax officials until January 1, 2019.

RECOMMENDATION

Support.

On November 8, 2012, the Franchise Tax Board voted 2-0 to sponsor the language included in this bill, with the representative from the Department of Finance abstaining.

SUMMARY OF AMENDMENTS

The May 8, 2013, amendments extended the sunset date until January 1, 2019, and added safeguarding of tax data to the statute. As a result of the amendments, the “Effective/Operative Date” and the “This Bill” sections have been revised. The remainder of the department’s analysis of the bill as introduced February 11, 2013, still applies. The “Fiscal Impact” and “Economic Impact” are restated for convenience.

EFFECTIVE/OPERATIVE DATE

This bill would be effective on January 1, 2014, and operative as of that date, and would remain in effect only until January 1, 2019, and as of that date is repealed.

ANALYSIS

THIS BILL

This bill would extend the sunset provision of current law until January 1, 2019.

Board Position: <input checked="" type="checkbox"/> S <input type="checkbox"/> NA <input type="checkbox"/> NP <input type="checkbox"/> SA <input type="checkbox"/> O <input type="checkbox"/> NAR <input type="checkbox"/> N <input type="checkbox"/> OUA	<table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Legislative Director</td> <td style="width: 30%;">Date</td> </tr> <tr> <td>Gail Hall</td> <td>6/3/13</td> </tr> </table>	Legislative Director	Date	Gail Hall	6/3/13
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This bill would codify the safeguarding of information practices currently in place under the reciprocal agreement contracts between the FTB and cities and extend the same requirements to agents of the cities. The requirements include but are not limited to:

- (A) The completion of a data exchange security questionnaire provided by the FTB prior to approval of a data exchange by the FTB.
- (B) The allowance for an on-site safeguard review conducted by the FTB.
- (C) The completion of disclosure training provided by the FTB and a confidentiality statement signed by all employees or agents with access to information provided by the FTB confirming the requirements of data security with respect to that information and acknowledging awareness of penalties for unauthorized access or disclosure under Sections 19542 and 19552 of the Revenue and Taxation Code and Section 502 of the Penal Code.
- (E) The tax official or agent of a city must notify the FTB within 24 hours upon discovery of any incident of unauthorized or suspected unauthorized access or disclosure and provide a detailed report of the incident and the parties involved.
- (F) All records received by the tax officials of a city or its agents shall be destroyed in a manner to deem them unusable or unreadable so an individual record can no longer be ascertained in a time frame specified by the FTB.

FISCAL IMPACT

The department's costs to administer the tax-data-sharing program are \$718,000 annually.

ECONOMIC IMPACT

Revenue Estimate

Estimated Revenue Impact of SB 211 For Data Exchanges On or After January 1, 2014 Assumed Enactment After June 30, 2013 (\$ in Millions)		
2013-14	2014-15	2015-16
\$0	+\$1.5	+\$4.9

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

SUPPORT/OPPOSITION¹

Support: Franchise Tax Board, California Municipal Revenue and Tax Association; California Professional Firefighters Association; City of Big Bear Lake; City of Brea; City of Buena Park; City of Carson; City of El Paso De Robles; City of El Segundo; City of Fremont; City of Menifee; City of Montebello; City of Newport Beach; City of Oakland; City of Palo Alto; City of Pasadena; City of Red Bluff; City of Roseville; City of Sacramento; League of California Cities; Sacramento Municipal Utilities District.

Opposition: California Taxpayers Association.

LEGISLATIVE STAFF CONTACT

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¹ As reported by the Senate Governance and Finance committee analysis at:
<http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml> as of April 25, 2013.