

ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Hill and Wolk Analyst: Brian Werking Bill Number: SB 434
Related Bills: See Legislative History Telephone: 845-5103 Amended Dates: April 24 & 29, and May 7 & 24, 2013
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Enterprise Zone Hiring Credit/Contingency Fee Penalty/Franchise Tax Board Disclosure of Taxpayer Information

SUMMARY

This bill would do the following:

Provision No. 1: Prohibit contingency fees with respect to services rendered in connection with certain tax credits and provide a penalty for those contingency fee agreements.

Provision No. 2: Modify the existing enterprise zone (EZ) hiring credit, create a new EZ hiring credit, and require the Franchise Tax Board (FTB) to disclose taxpayer information on its Web site.

RECOMMENDATION

No position.

Summary of Amendments

The April 24, 2013, amendments would modify the existing Geographically Targeted Economic Development Area (Economic Development Area) hiring credits. Specifically, the amendments made nonsubstantive cross-reference updates, provided renumbering, modified the aggregate cap for each hiring credit, and changed the first taxable year that the FTB would be required to disclose taxpayer information on its Web site. The amendments also would create a new hiring credit.

The April 29, 2013, amendments would modify existing Economic Development Area hiring credits, and modify the new hiring credit to only apply to qualified taxpayers employing individuals within EZs.

The May 7, 2013, amendments would require the California Workforce Investment Board to certify that certain taxpayers met the bill's noticing requirements for relocating into an EZ.

The May 24, 2013, amendments eliminated provisions of the bill that would have amended the existing Economic Development Area Credits, other than the new and existing EZ hiring credit.

Board Position:

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

Executive Officer

Date

Selvi Stanislaus

7/19/13

As a result of the amendments, the department's analysis of the bill as amended April 1, 2013, has been significantly revised. This analysis replaces the analysis of the bill as amended April 1, 2013.

REASON FOR THE BILL

The reason for the bill is to provide more effective tax incentives for economic growth and job creation in existing economic development locations.

EFFECTIVE/OPERATIVE DATE

As a tax levy, this bill would be effective immediately upon enactment. The operative dates of the two provisions vary and are addressed separately for each provision.

SUPPORT/OPPOSITION¹

Support:

American Federation of State, County and Municipal Employees; AFL-CIO, California Conference Board of the Amalgamated Transit Union; California Teamsters Public Affairs Council; California Conference of Machinists; California Federation of Teachers; California Labor Federation; California Nurses Association; California Professional Firefighters; California Public Interest Research Group; California School Employees Association; Engineers and Scientists of California; International Longshore & Warehouse Union; Professional & Technical Engineers, Local 21; San Mateo County Central Labor Council; UNITE HERE!; United Food and Commercial Workers Union; Utility Workers Union of America, Local 132; Western Center on Law and Poverty; Western States Council.

Opposition:

California Asian Pacific Chamber of Commerce, California Association for Local Economic Development, California Association of EZs, California Bankers Association, California Business Properties Association, California Chamber of Commerce, California Employment Opportunity Network, California Hispanic Chamber of Commerce, California League of Cities, California Manufacturing and Technology Association, California Retailers Association, City of Sacramento, City of San Jose, League of California Cities, National Federation of Independent Business.

PROVISION 1: Prohibit Certain Contingency Fee Agreements.

EFFECTIVE/OPERATIVE DATE

This provision would be specifically operative for all contracts or arrangements that provide for a fee for services rendered in connection with a tax credit relating to an EZ, a Local Agency Military Base Recovery Area (LAMBRA), a manufacturing enhancement area (MEA), or a targeted tax area (TTA) on or after the effective date. (See the second technical consideration below).

¹ As provided in the May 28, 2013, Senate Floor Analysis of the bill as amended May 24, 2013, at <http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0401-0450/sb_434_cfa_20130528_141005_sen_floor.html> [as of June 14, 2013].

ANALYSIS

FEDERAL/STATE LAW

Federal law allows the Secretary of the Treasury to regulate the practice of practitioners before the Internal Revenue Service (IRS). IRS Circular 230 generally spells out requirements for these practitioners, and also regulates the conduct of anyone providing tax advice or preparing tax returns for compensation, including attorneys, certified public accountants, and enrolled agents. In 2009, the IRS revised Circular 230 to bar individuals practicing before the IRS from charging clients contingency fees for services rendered in connection with any matter before the Internal Revenue Service, including the preparation or filing of a tax return, amended tax return or claim for refund or credit, with specified exceptions.²

State law restricts commissions charged by certified public accountants in specified circumstances.³ State law does not conform to the IRS Circular 230.

Under the Government Code, state law provides for several types of Economic Development Areas: EZs, MEAs, TTAs, and LAMBRA.

Under the Revenue and Taxation Code, existing state law provides special tax incentives for taxpayers conducting business activities within an Economic Development Area. These incentives include a hiring credit, sales or use tax credit, business expense deduction, and special net operating loss treatment. Two additional incentives include net interest deduction for businesses that make loans to businesses within Economic Development Areas and a credit to taxpayers that are employees working in an EZ. The following table shows the incentives available to each of the Economic Development Areas.

Types of Incentives	EZ	LAMBRA	TTA	MEA
Sales or Use Tax Credit	X	X	X	
Hiring Credit	X	X	X	X
Employee Wage Credit	X			
Business Expense Deduction	X	X	X	
Net Interest Deduction	X			
Net Operating Loss	X	X	X	

² The final regulations permit a practitioner to charge a contingent fee for services rendered in connection with the IRS examination of, or challenge, to (i) an original tax return, or (ii) an amended return or claim for refund or credit when the amended return or claim for refund or credit was filed within 120 days of the taxpayer receiving a written notice of the examination of, or a written challenge to the original tax return. Contingent fees are also permitted for interest and penalty reviews and for services rendered in connection with a judicial proceeding arising under the Internal Revenue Code. The final amendments to section 10.27 made by the final regulations apply to fee arrangements entered into after March 26, 2008.

³ Business and Professions Code section 5061.

THIS PROVISION

This provision would prohibit the use of contingent fees for services rendered in connection with a tax credit relating to an Economic Development Area and would authorize the FTB to impose a penalty equal to the greater of \$5,000 or 100 percent of the contingent fee charged for a violation of the prohibition. The penalty would be payable, upon notice and demand, regardless of whether any or all of the fee had been actually paid to or received, directly or indirectly, by the person subject to the penalty. The prohibition would not apply to services rendered in connection with the tax deduction incentives specific to an EZ, a LAMBRA, or a TTA. In addition, this provision would provide that:

- The penalty imposed by the FTB for violating the prohibition against contingent fees would not be subject to protest or appeal prior to payment.
- The FTB would be authorized to require a person rendering services in connection with an Economic Development Area tax credit to provide to the FTB upon request, written certification under penalty of perjury that the fee for their services does not include, in whole or in part, any contingent fee.
- The FTB could prescribe rules, guidelines, or procedures necessary or appropriate to carry out the purposes of this provision.

IMPLEMENTATION CONSIDERATIONS

The department has identified the following implementation concerns. Department staff is available to work with the author's office to resolve these and other concerns that may be identified.

Although this provision specifically states that Article 3 of Part 10.2 of the Revenue and Taxation Code does not apply for purposes of assessing the penalty, it is unclear whether the author intends for the remainder of Part 10.2 to apply. To eliminate confusion, it is recommended that the author amend this provision to specify how this penalty should be implemented.

The prohibition against contingency fee agreements applies to agreements for services rendered in connection with a tax credit relating to an Economic Development Area. It is unclear what is meant by "in connection with a tax credit." It is recommended that the author amend the bill to provide greater specificity.

This provision fails to limit the department's responsibility for imposing the penalty for contingency fee agreements to tax credits administered by the department. If this is contrary to the author's intent, it is suggested that the bill be amended to apply to tax credits under Part 10 or Part 11 of the Revenue and Taxation Code.

It is unclear how the department would enforce compliance for a request to provide written certification because this provision lacks an enforcement mechanism. Absent an enforcement mechanism, the certification requirement is merely suggestive. If that is contrary to the author's intent, the bill should be amended.

TECHNICAL CONSIDERATIONS

To clarify that the department may request certification in regards to the contingency fee penalty, the following amendment is suggested:

On page 3, line 34, strikeout “the board of”

To further clarify the action for which the contingency fee penalty may be imposed, the following amendment is suggested:

On page 4, line 10, after “tax area” and before “on” insert, “entered into”

LEGISLATIVE HISTORY

SB 342 (Wolk, 2011/2012), would have prohibited contingent fee payment structures with regard to matters governed by the Revenue and Taxation Code. SB 342 failed to pass out of the Senate by the constitutional deadline.

FISCAL IMPACT

This provision would require changes to the department’s forms and information technology systems, and would require staff training. As a result, this bill would impact the department’s costs. Department staff is unable to determine the costs to administer this bill until the implementation concerns have been resolved.

ECONOMIC IMPACT

Revenue Estimate

Because of the deterrents contained in this provision, penalty revenue is expected to be minor. Some penalties would be assessed after enactment, but would decline quickly in subsequent years as taxpayers and tax preparers become aware of the new law.

ARGUMENTS

Proponents: Supporters of this provision may argue that prohibiting contingent fee arrangements would reduce the incentive to pursue overly aggressive positions with regard to certain tax matters.

Opponents: Some could argue that the structure of fee arrangements for professional tax services should be the decision of the parties involved and not dictated by the Legislature.

PROVISION 2: Modify the Existing EZ Hiring Credit, Create a New Enterprise Zone Hiring Credit, and Require the FTB to Disclose Taxpayer Information on its Web site.

EFFECTIVE/OPERATIVE DATE

The provisions modifying the existing EZ hiring credit would be operative for taxable years beginning on or after January 1, 2013. The provisions creating a new EZ hiring credit would be specifically operative for taxable years beginning on or after January 1, 2014. The provisions authorizing both the existing and new EZ hiring credits would remain in effect only until December 1, 2019, and as of that date would be repealed.

ANALYSIS

FEDERAL/STATE LAW – Hiring Credits

Existing state and federal laws provide various tax credits designed to provide tax relief for taxpayers who incur certain expenses (e.g., child adoption) or to influence behavior, including business practices and decisions (e.g., research credits or economic development area hiring credits). These credits generally are designed to provide incentives for taxpayers to perform various actions or activities that they may not otherwise undertake.

Existing federal law provides special tax incentives for empowerment zones and enterprise communities to provide economic revitalization of distressed urban and rural areas.

State law provides that taxpayers operating in an EZ are allowed a hiring credit for employing “qualified employees” during the first 60 months of employment. “Qualified employees” for the EZs are defined by reference to various state and federal public assistance programs (Exhibit A). A qualified employee must be hired after the area is designated as an EZ and meet certain other criteria. At least 90 percent of the qualified employee’s work must be directly related to a trade or business located in the EZ and at least 50 percent must be performed inside the EZ. The business may claim 50 percent of the of the qualified wages paid to a qualified employee during the first year of employment, 40 percent during the second year of employment, 30 percent during the third year of employment, 20 percent during the fourth year of employment, and 10 percent during the fifth year of employment, as a credit against tax imposed on income from a trade or business operating within an EZ.

The credit is based on the lesser of the actual hourly wage paid or 150 percent of the current state minimum hourly wage (under special circumstances for the Long Beach EZ, the maximum is 202 percent of the minimum wage). The amount of the credit must be reduced by any other federal or state jobs tax credits, and the taxpayer’s deduction for ordinary and necessary trade or business expenses must be reduced by the amount of the hiring credit.

The credit is recaptured if the qualified taxpayer terminates the qualified employee before the end of the longer of the following periods:

- The first 270 days of employment⁴ (whether or not consecutive); or
- Ninety 90 days of employment⁵ plus 270 calendar days.

The taxpayer is required to obtain a voucher certificate for each of its “qualified employees.” The voucher certificates are issued by the Employment Development Department (EDD) or the local (within the same EZ as the workplace of the employee) agency familiar with the public assistance statutes. The voucher is required to be retained by the qualified taxpayer in order for the certification to be made available to the FTB upon request.

⁴ A day of employment includes any day the employee receives compensation including paid holidays, sick days, and vacation days.

⁵ *Ibid.*

STATE LAW – Disclose Taxpayer Information

Current state law prohibits the disclosure of a taxpayer's return and return information, except as specifically authorized by statute. Generally, disclosure is authorized to other state tax agencies and federal tax agencies for tax administration purposes only.

Existing state law requires the FTB to compile and make publicly available, at least twice per year, a list that identifies the Top 500 tax delinquencies that exceed \$100,000, selected from both the personal income tax and corporation tax records. For purposes of the Top 500 list, a tax delinquency is defined as the total amount owed by a taxpayer to the State of California for which a Notice of State Tax Lien has been recorded in any county recorder's office in the state.

Existing law requires the FTB to periodically provide notice on its Web site with respect to the amount of the New Jobs Tax Credit⁶ claimed on timely filed income tax returns.

THIS PROVISION

Existing Hiring Credits

This provision would accomplish the following:

- Modify the credit eligibility requirements to those taxpayers operating in an EZ and employing "qualified employees" during the first 60 months of employment, only if those qualified employees first commenced employment with the qualified taxpayer before January 1, 2014.
- Provide if a taxpayer relocated to an EZ from within the state during the taxable year for which the credit is claimed, the taxpayer would be allowed a credit with respect to qualified wages for a qualified employee only if the taxpayer provides each employee at the previous location or locations a written notice of transfer to the new location with comparable compensation. The California Workforce Investment Board would certify the notice and provide a copy to the taxpayer.
- Update the various successor state and federal public assistance programs by which "qualified employees" for EZs are defined.
- Preclude employers that provide temporary help services, as described in Code 561320 of the North American Industry Classification System (NAICS) from claiming the EZ hiring credit.
- Require a taxpayer, who has not obtained a certification or has not previously requested a certification for a qualified taxpayer, to obtain a certification within one year of the operative date of the provisions amending the existing EZ hiring credit, in order for the credit to be allowed for that "qualified employee." This provision would also require the taxpayer to provide to the FTB the certification annually.

⁶ As provided under Revenue and Taxation Code Section 17053.80 and 23623.

New EZ Hiring Credit

This provision would accomplish the following:

Create a new EZ hiring credit that would be available to a qualified taxpayer that has a net increase in full-time employees and employs a qualified full-time employee and pays or incurs qualified wages attributable to work performed by the qualified full-time employee in an EZ during the taxable year.

Provide that if a taxpayer relocates to an EZ from another location within the state, hiring credits would only be available if each employee at the previous location or locations is provided a written notice of transfer with comparable compensation at the new location. The written notice would be certified by the California Workforce Investment Board, and the certification would be presented by the qualified taxpayer when submitting a voucher application.

Provide that the credit would be available for wages paid to a qualified full-time employee during the 60-month period beginning with the first day the qualified full-time employee commences employment with the qualified taxpayer.

Define “qualified full-time employees” by reference to various state and federal public assistance programs (Exhibit A), and require that at least 90 percent of the qualified full-time employee’s work must be directly related to a trade or business located in the EZ and at least 50 percent must be performed inside EZ. It would be a requirement that the qualified full-time employee be paid wages for not less than an average of 35 hours per week, or be a salaried employee paid compensation for full-time work.

Limit the credit by the total increase in full time employees in the state during the taxable year. No credit would be allowed unless the number of full-time employees employed during the taxable year is greater than the number of full-time employees employed during the base year.

Calculate the amount of the credit as the product of the “tentative credit amount” and the “applicable percentage” for the taxable year. The “tentative credit amount” would be equal to a specified percentage of qualified wages paid to qualified full-time employees during the taxable year. The specified percentage would be 10 percent for the first year of employment, 30 percent for the second year of employment, 50 percent for the third year of employment, 30 percent for the fourth year of employment, and 10 percent for the fifth year of employment.

Define “applicable percentage” as a fraction with the numerator being the net increase in full-time employees in this state for the taxable year, determined on a full-time equivalent basis, as compared with the total number of full-time employees in this state during the base year, and the denominator being the number of qualified full-time employees employed in this state for the taxable year, not to exceed 100 percent.

Define “qualified wages” as that portion of wages paid or incurred by the qualified taxpayer during the taxable year to each qualified full-time employee in excess of 200 percent of the minimum wage, but not in excess of 400 percent of the minimum wage.

Preclude employers that provide temporary help services, as described in Code 561320 of the NAICS, from receiving the new EZ hiring credit.

Provide that an employee that qualifies as a qualified employee under the new EZ hiring credit would continue to qualify for up to 60 months after first commencing employment with the qualified taxpayer, provided that the employee first commences employment with the qualified taxpayer before January 1, 2019, and meets all of the other qualified employee requirements.

Preclude employers receiving an EZ hiring credit for employing qualified employees under the existing EZ hiring credit from receiving a new EZ hiring credit for the same qualified employees.

Require the qualified taxpayer to provide to the FTB on an annual basis, the voucher certificates for each of the taxpayer's qualified employees.

Require that the credit would only be able to be claimed on an original or amended return of the qualified taxpayer filed no later than one year after the original due date, without regard to extension, of the qualified taxpayer's return for the taxable year for which the credit is claimed.

Provide that the credit would not require the recapture of the previously claimed credit under any circumstances.

TECHNICAL CONSIDERATIONS

The following amendments have been provided to correct a grammatical error and to provide consistent statutory language.

On page 39, line 11, and on page 58, line 24, after "request" insert "for"

On page 39, line 14, and on page 58, line 27, strikeout "operative" and insert "effective"

Disclose Taxpayer Information

This provision would require the FTB to compile voucher certifications received from taxpayers and produce on its Web site, a searchable database containing the names of the employers, amounts of tax credit claimed, and the number of jobs created, for all Economic Development Area hiring credits.

The FTB would be required to compile the certifications submitted and provide as a searchable database on its Internet Web site the employer names, amounts of tax credit claimed, and number of new jobs created for each taxable year.

IMPLEMENTATION CONSIDERATIONS

The department has identified the following implementation concerns. Department staff is available to work with the author's office to resolve these and other concerns that may be identified.

Because the bill fails to specify otherwise, the FTB would be subject to the rulemaking procedures required under the Administrative Procedures Act (APA). Following these procedures may delay and complicate the implementation of this bill. It is recommended that the author add a provision exempting the FTB from the APA when the FTB is prescribing rules, guidelines, or procedures necessary or appropriate to carry out the purpose of this bill.

This provision would require confidential taxpayer information to be disclosed on the FTB's public Web site. It is unclear if the author's intent is for the FTB to make available public taxpayer information that would normally be considered confidential taxpayer information. If this is the author's intent, the bill should be amended to provide the FTB specific disclosure authorization.

This provision would require the FTB to provide on its Web site the number of jobs created for the EZ hiring credit. It is unclear how the number of jobs created would be determined from year to year.

LEGISLATIVE HISTORY

AB 9 (Holden, 2013/2014), would modify the definition of the “qualified wages” and “qualified employee” for purposes of the EZ Hiring Credit. AB 9 failed to pass out of the Assembly by the constitutional deadline.

AB 28 (Perez, 2013/2014), would modify the rules relating to EZ boundaries and expand the FTB’s reporting requirements under the EZ Act. AB 28 failed to pass out of the Assembly by the constitutional deadline.

AB 93 (Assembly Committee on Budget, Chapter 69, Statutes of 2013) repeals 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), creates a New Hiring Tax Credit under PITL and CTL, establishes the California Competes Tax Credit Committee, and creates the California Competes Tax Credit under PITL and CTL.

SB 90 (Galgiani and Canella, Chapter 70, Statutes of 2013) modifies AB 93 as chaptered on July 11, 2013. Specifically, SB 90, for purposes of the new hiring tax credit, modifies the definition of qualified employee, excludes sexually oriented businesses from the definition of qualified taxpayer and small business, and modifies the defined geographical area that the hiring credit may be generated in.

AB 231 (Perez, 2011/2012), among other things, would have modified the definition of qualified wages within the EZ Hiring Credit to allow a greater portion of wages above the minimum wage to be used to calculate the credit and would have modified the definition of “qualified employee” to include additional categories of individuals. AB 231 failed to pass out of the Assembly by the constitutional deadline.

AB 1139 (Perez, 2009/2010), among other things, would have modified the definition of qualified wages within the EZ Hiring Credit to require a portion of an employee’s healthcare be paid by the employer before that employee’s wages would be considered qualified wages. AB 1139 failed to pass out of the Assembly by the constitutional deadline.

AB 2439 (Eng, 2011/2012), among other things, would have required the FTB to annually publish, a list of the 500 largest corporate taxpayers and include the tax liability and charitable contributions of each corporate taxpayer on the list, and whether each corporate taxpayer elected to utilize the single sales factor apportionment formula. AB 2439 failed to pass out of the Senate by the constitutional deadline.

SBX3 15 (Calderon, Chapter 17, Statutes of 2009), among other things, requires the FTB to provide periodic notice on its Web site of the amount of the New Jobs Tax Credit claimed on timely filed original returns.

FISCAL IMPACT

Staff estimates a first year cost of approximately \$800,000 and an ongoing cost of approximately \$400,000 to develop, program, test, and manually key a searchable database, and to update forms and instructions. It is recommended that the bill be amended to include appropriation language that would provide funding to implement this bill. Lack of an appropriation will require the department to secure the funding through the normal budgetary process, which could delay implementation of this bill.

ECONOMIC IMPACT

Revenue Estimate

Estimated Revenue Impact of SB 434 As Amended May 24, 2013 Effect of Modifications to the Enterprise Zone Hiring Credit For Taxable Years Beginning On or After January 1, 2013 Assumed Enactment After June 30, 2013 (\$ in Millions)		
2013-14	2014-15	2015-16
+ \$120	+ \$220	+ \$260

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

POLICY CONCERNS

California’s tax system primarily relies on the taxpayer to self-assess and pay the proper amount of tax due. If tax payment information is disclosed to the public, it is unclear what impact, if any, there may be on the self-assessment tax system.

ARGUMENTS

Proponents: Supporters could argue that this provision would provide an incentive for taxpayers to increase the wages paid to employees within G-TEDA locations and would provide economic growth in Economic Development Area locations.

Opponents: Some could say that providing an additional wage limitation in order to receive the Economic Development Area hiring credits would reduce the credit’s incentive to encourage employers to hire new employees, resulting in less economic growth within Economic Development Area locations.

LEGISLATIVE STAFF CONTACT

Brian Werking
Legislative Analyst, FTB
(916) 845-5103

Mandy Hayes
Revenue Manager
(916) 845-5125

Jahna Carlson
Acting Asst. Legislative Director, FTB
(916) 845-5683

brian.werking@ftb.ca.gov

mandy.hayes@ftb.ca.gov

jahna.carlson@ftb.ca.gov

Exhibit A

Qualified employee means an employee who qualified the taxpayer for the enterprise zone hiring credit under former Section 17053.8 or the program area hiring credit under former Section 17053.11, or meets any of the following criteria:

- Was a person eligible for services under the federal Job Training Partnership Act or its successor, who is receiving, or is eligible to receive, subsidized employment, training, or services funded by the federal Job Training Partnership Act, or its successor.
- Was a person eligible to be a voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985, or its successor.
- Was an economically disadvantaged individual 14 years of age or older.
- Was a disabled individual who is eligible for or enrolled in, or has completed a state rehabilitation plan or is a service-connected disabled veteran, veteran of the Vietnam era, or veteran who is recently separated from military service.
- Was an ex-offender. An individual shall be treated as convicted if he or she was placed on probation by a state court without a finding of guilt.
- Was a member of a federally recognized Indian tribe, band, or other group of Native American descent.
- Was a resident of a targeted employment area.
- Was a member of a targeted group, as defined in Section 51(d) of the Internal Revenue Code, or its successor.
- Was a dislocated worker who meets any of the following:
 - Has been terminated or laid off or who has received a notice of termination or layoff from employment, is eligible for or has exhausted entitlement to unemployment insurance benefits, and is unlikely to return to his or her previous industry or occupation.
 - Has been terminated or has received a notice of termination of employment as a result of any permanent closure or any substantial layoff at a plant, facility, or enterprise, including an individual who has not received written notification but whose employer has made a public announcement of the closure or layoff.
 - Is long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including an individual 55 years of age or older who may have substantial barriers to employment by reason of age.
 - Was self-employed (including farmers and ranchers) and is unemployed as a result of general economic conditions in the community in which he or she resides or because of natural disasters.
 - Was a civilian employee of the Department of Defense employed at a military installation being closed or realigned under the Defense Base Closure and Realignment Act of 1990.
 - Was an active member of the armed forces or National Guard as of September 30, 1990, and was either involuntarily separated or separated pursuant to a special benefits program.

- Is a seasonal or migrant worker who experiences chronic seasonal unemployment and underemployment in the agriculture industry, aggravated by continual advancements in technology and mechanization.
- Has been terminated or laid off, or has received a notice of termination or layoff, as a consequence of compliance with the Clean Air Act.
- Was a person eligible for or a recipient of any of the following:
 - Federal Supplemental Security Income benefits.
 - Aid to Families with Dependent Children.
 - CalFresh benefits.
 - State and local general assistance.

Analyst	Brian Werking
Telephone #	(916) 845-5103
Attorney	Pat Kusiak

FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO SB 434
AS AMENDED MAY 24, 2013

Amendment 1

On page 3, line 34, strikeout "the board of"

Amendment 2

On page 4, line 10, after "tax area" and before "on" insert, "entered into"

Amendment 3

On page 39, line 11, and on page 58, line 24, after "request" insert "for"

Amendment 4

On page 39, line 14, and on page 58, line 27, strikeout "operative" and insert "effective"