Franchise Tax Board

SHORT FORM ANALYSIS

Author:	Steinberg	Analyst:	Jane Raboy	Bill Number:	SB 594
Related Bills:	See Prior Analysis	Telephone:	845-5718	Amended Date:	May 24, 2013
		Attorney:	Patrick Kusiak	Sponsor:	

SUBJECT: Career Pathways State Investment Credit

☒ Major Amendment ☐ Minor/Technical Amendment

☐ Recommended ☐ Approved Position of _____ still valid.

SUMMARY

This bill would create a tax credit under the Personal Income Tax Law and Corporation Tax Law for taxpayers that provide career technical training in an amount allocated by the Career Pathways State Investment Committee (Committee).

This bill would also add provisions to the Education Code. The discussion of these changes is limited to the changes that would impact the department.

ANALYSIS

Major Amendment

The May 24, 2013, amendments made substantive changes to the Education Code that would authorize the Committee to fund a "career pathways pay-for-performance pilot project" based on a pay-for-performance contract between the Committee and a school or community college district or districts. These amendments would not impact the department's programs, operations, or state income tax revenue.

The department's analysis of this bill as amended on April 18, 2013, still applies. The "Implementation Considerations," "Fiscal Impact," and "Economic Impact" sections have been restated for convenience.

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.

Board Position:			Acting Asst. Legislative Director	Date
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The bill lacks administrative details that must be developed in order to implement the bill and determine its impacts to the department's systems, forms, and processes. For example:

- The bill lacks a certification process. Generally, credits that are allocated based on estimated expenditures are also subject to a certification process that would specify the responsibilities of a certifying agency, a department, and the taxpayer. For example, this bill is silent on who is responsible for certifying the actual expenditures the credit would be based upon and the form and manner the certifying agency would notify the taxpayer and the department of allocated and certified credits.
- The credit would be disallowed and assessed and collected "until the requirements are satisfied." By whom, how, and when would the department and taxpayers be notified of a taxpayer's noncompliance with the requirements? How and to whom would a taxpayer document that the requirements are subsequently satisfied? Would the credit be reinstated as a result of this documentation? Would the amount of the disallowed credit be subject to interest?
- Because this bill fails to specify otherwise, the Corporation Tax Law credit would be eligible for assignment. The bill is silent on whether and to what extent an assignee would become a party to the enforceable contract or memorandum of understanding required to obtain a credit allocation.

FISCAL IMPACT

Department staff is unable to determine the costs to administer this bill until the implementation concerns have been resolved. As the bill continues to move through the legislative process and the implementation concerns are resolved, costs will be identified and an appropriation will be requested, if necessary.

ECONOMIC IMPACT

Until the implementation concerns have been resolved, the FTB is unable to determine the revenue impact of this bill.

LEGISLATIVE STAFF CONTACT

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