

BILL ANALYSIS

Department, Board, Or Commission	Author	Bill Number
Franchise Tax Board	Committee on Governance and Finance	SB 825

SUBJECT

Suspend Notification Requirement for Homeowner and Renter Assistance and Property Tax Postponement for Senior Citizens Programs Until Funded

SUMMARY

This bill would, among other things, suspend the Franchise Tax Board's (FTB's) obligation to prepare a notice regarding the Homeowner and Renter Assistance (Assistance) and Property Tax Postponement (Postponement) programs, until these programs receive funding.

This analysis only addresses the provisions of the bill that would impact the FTB.

REASON FOR THE BILL

The reason for the bill is to reduce taxpayer confusion that results when taxpayers receive information regarding a program that is suspended.

EFFECTIVE/OPERATIVE DATE

This bill would become effective and operative January 1, 2014.

ANALYSIS

FEDERAL/STATE LAW

Current state law requires the FTB to prepare the text of a notice informing individuals of the Assistance and Postponement programs for counties to include with property tax bills. The funding to administer these programs has been eliminated, but the obligation to prepare the notice regarding the programs remains in effect.

PROGRAM BACKGROUND

The Postponement program, administered by the State Controller, was created to allow eligible claimants to postpone payment of a portion of their property taxes. The postponed taxes become a lien against the property with simple interest accruing. When the home is sold or passes through inheritance, the accumulated postponed taxes plus interest must be repaid. Claimants are individuals who are 62 years of age or older, or blind, or disabled.

Gail Hall, FTB Contact Person (916) 845-6333 (Office)	Executive Officer Selvi Stanislaus	Date 9/12/13
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The Assistance program, administered by the FTB, was enacted to provide claimants with an annual payment from the State of California that was based in part on the property taxes assessed and paid on claimants' homes or on the property taxes assessed and paid indirectly through their rent. Claimants are defined as individuals who are 62 years of age or older, or blind, or disabled.

The 2007/2008 Budget Act eliminated funding for the Postponement and Assistance programs and the programs remain suspended to date. New Postponement applications were specifically barred as of 2009.¹

THIS BILL

This bill would suspend the notice requirement for the Assistance and Postponement programs, including the FTB's obligation to prepare the text of the notice when these programs are unfunded.

LEGISLATIVE HISTORY

AB 1012 (Gomez, 2013/2014) contains similar provisions to this bill that would suspend the FTB's obligation to prepare a notice regarding the Assistance and Postponement programs, until these programs receive funding. AB 1012 is currently in the Senate.

OTHER STATES' INFORMATION

Since this bill would only eliminate an internal administrative procedure a review of other states' income tax laws is not relevant.

FISCAL IMPACT

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

ECONOMIC IMPACT

Revenue Estimate

This bill would not impact the state's income or corporation tax revenues.

APPOINTMENTS

None.

¹ Rev. & Tax. Code, § 20623, added by Stats. 2009, 3d Ex. Sess., ch 4, §19.

SUPPORT/OPPOSITION²

Support: California Assessors Association (co-source), California Association of County Treasurer-Tax Collectors (co-source).

Opposition: None provided.

VOTES

Concurrence	09/03/13	Y: 37	N: 0
Assembly Floor	08/30/13	Y: 78	N: 0
Senate Floor	05/16/13	Y: 37	N: 0

LEGISLATIVE STAFF CONTACT

Contact	Work
Marybel Batjer, Agency Secretary, CalGovOps	916-651-9011
Reginald Fair, Agency Legislative Director	916-653-2656
Selvi Stanislaus, Department Director, FTB	916-845-4543
Gail Hall, Legislative Director, FTB	916-845-6333

² As reported in the Senate Analysis dated August 30, 2013, at <http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0801-0850/sb_825_cfa_20130830_174527_sen_floor.html> [as of September 10, 2013].