

SUMMARY ANALYSIS OF AMENDED BILL

Author: Nguyen Analyst: Diane Deatherage Bill Number: SB 1449
Related Bills: See Prior Analysis Telephone: 845-4783 Amended Date: April 18, 2016
Attorney: Bruce Langston Sponsor _____

SUBJECT: Other State Tax Credit Source Rules

SUMMARY

This provision would modify the sourcing rules required to be used by California residents under the Personal Income Tax Law when calculating the other state tax credit (OSTC).

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The April 18, 2016, amendments made nonsubstantive changes and would have no impact on the department's programs and operations or state income tax revenue.

Except for the "This Bill" section, the remainder of the department's analysis of the bill as introduced on February 19, 2016, still applies. The "Support/Opposition," "Fiscal Impact," and "Economic Impact" sections have been restated for convenience.

THIS BILL

This bill would require California residents to apply the other state's apportionment and allocation rules, instead of using California's rules when calculating the OSTC.

This bill specifies that these changes would apply if it will either maintain or increase the amount of the credit that a taxpayer is allowed.

FISCAL IMPACT

The department's costs to implement this bill have yet to be determined. As the bill moves through the legislative process, costs will be identified and an appropriation will be requested, if necessary.

ECONOMIC IMPACT**Revenue Estimate**

There would be a revenue loss to the general fund, however the amount is unknown.

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

Revenue Discussion

Due to the lack of available data, it is difficult to predict the frequency and amount of credits that would be impacted by this bill. Therefore, the department is unable to provide an annual estimate. However, based on a three-year average for the OSTC, the department estimates that for every one percent of taxpayers impacted there would be a revenue loss of approximately \$8.8 million.

SUPPORT/OPPOSITION

Support: None provided.

Opposition: None provided.

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