

# SUMMARY ANALYSIS OF AMENDED BILL

Author: Hertzberg Analyst: Narinder Dosanjh Bill Number: SB 540  
 See Prior  
 Related Bills: Analysis Telephone: 845-5275 Amended Dates: April 6 & 15, 2015  
 Attorney: Bruce Langston Sponsor Franchise Tax Board

<b>SUBJECT:</b>	Taxpayers' Rights Advocate Relief
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## SUMMARY

This bill would extend and make permanent the Franchise Tax Board's Taxpayers' Rights Advocate's (Advocate) penalty, interest, and fee relief provisions.

## RECOMMENDATION

Support.

On December 5, 2014, the three-member Franchise Tax Board (FTB) voted 2-0, with the Director of Finance abstaining, to sponsor the language included in this bill.

## SUMMARY OF AMENDMENTS

The April 6, 2015, recast the bill's existing provisions to remove unnecessary language, and make non-substantive technical corrections. These amendments do not impact the department's programs, operations, or state tax revenues.

The April 15, 2015, amendments added language that would clarify the responsibilities of the Advocate and Chief Counsel. As a result of the amendments, the "This Bill" section of the department's analysis of this bill as introduced February 26, 2015, has been revised. The remainder of the analysis still applies. The "Economic Impact", section has been restated for convenience.

## THIS BILL

As of January 1, 2016, this bill would extend and make permanent the Advocate's penalty, interest, and fee relief provisions. In addition, this bill would accomplish the following:

- Eliminate the requirement that a taxpayer file an application with the department to request relief.
- Require the Advocate, in coordination with the Chief Counsel, to provide relief, if specified requirements are met.
- Remove the annual dollar limitation (\$7,600) for each taxpayer.
- Specify a public record retention rule of at least one year.
- Remove the indexing requirement for the \$500 amount that requires executive officer concurrence.

Board Position:	Legislative Director	Date
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## **ECONOMIC IMPACT**

Cases of erroneous action or inaction on the part of the FTB are relatively infrequent. To determine the magnitude of potential penalty and interest abatement, both the frequency of erroneous actions and the dollar amount of those errors must be known. Because it is difficult to predict the frequency and the value of future FTB errors, the revenue impact is unknown.

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

## **SUPPORT/OPPOSITION**

Support: The Franchise Tax Board.

Opposition: None provided.

## **LEGISLATIVE STAFF CONTACT**

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