

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Torlakson Analyst: Gloria McConnell Bill Number: AB 1950

Related Bills: _____ Telephone: 845-4336 Amended Date: 06/25/98

Attorney: Janet Ballou

Sponsor: _____

SUBJECT: Suspended Corporations/Fines for Transacting Business Do Not Apply to Insurers/Counsel

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced 02/17/98.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED 02/17/98 STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

This bill, among other things, would preclude an insurer of a suspended corporation from being prosecuted in a misdemeanor action if it defends an insured suspended corporation client in a civil action relating to the insurer's responsibilities to defend and indemnify the insured.

SUMMARY OF AMENDMENT

The June 25, 1998 amendments do not affect FTB's programs or operations.

Considerations

The following considerations were raised in the analysis of the bill as introduced February 17, 1998, and still apply. Upon request from the author, staff is available for technical assistance:

- Although this bill exempts the insurer from a misdemeanor prosecution, it does not provide the insurer with the express opportunity to defend the suspended corporation without actually reviving the corporation from suspended status.
- This bill applies to any suspended corporation, which is a corporation that incorporates in California, but not foreign corporations that have qualified to do business in California. It is unclear if this is the author's intent.

BOARD POSITION

Neutral. At its meeting of March 26, 1998, the Franchise Tax Board took a neutral position on this bill on a 2-0 vote, with Robin J. Dezember, on behalf of Member Craig L. Brown, abstaining.

Board Position:

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 N OUA PENDING

Department/Legislative Director

Date

Johnnie Lou Rosas

7/15/98