

Elderly, Disabled Receive \$154 Million in Assistance

Claimants for Homeowner and Renter Assistance will see their payments increase 150 percent for the 2000 claim year. The increase is a result of Senate Bill 1664.

The payment increase is a special adjustment made as part of the state budget for fiscal year 2000-01 only.

“This one-time increase in the Homeowner and Renter Assistance Program puts an additional \$154 million in the hands of our elderly and disabled citizens,” said Kathleen Connell, State Controller and Chair of the three-member California Franchise Tax Board.

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This issue we feature the Manufacturers' Investment Credit (pages 6-8). For more information about the MIC, get a copy of FTB 1113, "Frequently asked Questions About the Manufacturers' Investment Credit (MIC)" or form FTB 3535, "Manufacturers' Investment Credit." Both are available on the Forms and Publications page of our website (www.ftb.ca.gov).

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Tax News

Volume 00-5 September/October 2000

TAX NEWS is a bimonthly publication of the Communications Services Bureau, California Franchise Tax Board. Its primary objective is to provide information to income tax practitioners about state income tax laws, regulations, policies and procedures.

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Tax Policy Conference is Coming

The 2000 California Tax Policy Conference is scheduled for November 8-10 at the Loews Coronado Bay Resort in San Diego.

This annual three-day conference attracts experts from around the country to discuss the hottest issues facing tax professionals from both government and private industry perspectives.

Kathleen Connell, State Controller and chair of the three-member California Franchise Tax Board, will be the luncheon speaker.

"The California Tax Policy Conference gives tax professionals the opportunity to impact tax issues facing California and the nation. I encourage all to attend and participate in this forum," said Connell.

The workshops will include:

- discussions on arguments and points raised in the Hunt Wesson U.S. Supreme Court decision and the efforts to address interest expense assignment to the respective class of income;
- the proposed protest regulation and expected consequences of revisions to the protest and appeals process;
- the difficulties of applying traditional apportionment methods due to the changing economy and business operations; the diverse positions taken in various states on whether there are one or two determination tests of business income;
- the emerging issues and controversies resulting from audits involving the Manufacturers' Investment Credit; and

- tax issues confronting the legislature and whether the corporate income tax base will continue to disappear.

In addition, James E. Speed, the new executive director of the California State Board of Equalization will discuss his objectives on policy issues and where he sees the board in the future.

Other speakers and participants include:

- Gillian Spooner, director of tax policy, KPMG LLP, Washington, D.C.;
- Dean Andal, chairman of the California State Board of Equalization and member of the three-member California Franchise Tax Board;
- Paul Frankel, partner, Morrison & Foerster LLP, New York;
- Gerald H. Goldberg, executive officer, California Franchise Tax Board;
- Gene Lebrun, commissioner of the National Conference of Commissioners on Uniform State Laws;
- Richard D. Pomp, professor of law at the University of Connecticut Law School, Hartford, Ct.; and
- other prominent tax attorneys and law professors.

The conference fee is \$695, if we receive your registration by October 25, 2000. After that date, the fee is \$770. The fee covers workshops and general sessions, one reception, two breakfasts, a lunch and a dinner with entertainment. Also included are comprehensive text materials on the workshop topics.

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Conference

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Hotel accommodations are not included in the fee.

We started mailing invitations to past participants in early July. If you have not received an invitation or would like more information, call (916) 845-7998 or check our

conference webpage at www.ftb.ca.gov/education/ctpc.

California Tax Policy Conference sponsors include:

- University of California, Davis;
- California Policy Research Center; and
- the Franchise Tax Board.

New Fax Number Means Faster Service for Corporation Customers

Did any of your clients get a *Request to File a Corporation Tax Return* from us? If so, responding to it just got easier, thanks to our new direct fax telephone service.

You'll find the number, (916) 843-6169, on the front of our notice. Using it means quicker turnaround, which may reduce your clients' penalties and interest. We typically review responses the day we receive them.

In July, we sent a *Request to File a Corporation Tax Return* to approximately 22,500 corporations who had yet to file their 1998 corporate tax return.

We will begin issuing proposed assessments in September to those corporations that have not filed or fail to provide information establishing that they don't have a filing requirement.

FTB Welcomes New Advocate

Last issue we announced the retirement of Anne Smith and that Debra (Debbie) Newcomb was named the *acting* Taxpayer Advocate.

We are happy to report that Debbie has been officially selected as the Taxpayer Advocate.

"I am thrilled to be chosen for this important position. Our commitment for ensuring that taxpayers' rights are protected has never been stronger than it is today. Being chosen to guide this effort into the future is a responsibility I

look forward to in the coming years," said Newcomb.

Newcomb is the former Assistant Bureau Director for our Advocate Bureau. She has worked at the Franchise Tax Board since 1974 in a wide variety of departmental programs including managing staff in the processing, public service and collections areas.

She has been in the Advocate Bureau since the inception of the Taxpayer Bill of Rights in 1989.

Ask the Advocate



Debbie Newcomb
Taxpayer
Advocate

Q: Will my clients need to file a revised 9000 or 9000R form for the year 2000 to receive the one-time 150 percent increase in Homeowner or Renter Assistance?

A: Your clients do not have to file a revised claim. I am happy to report that all claimants will automatically receive the original amount of assistance plus the additional amount of assistance due as a result of Senate Bill 1664. Both amounts will be sent in one check along with an explanation for the increased amount.

For those of you not familiar with the new legislation, SB 1664 recently passed in conjunction with California's state budget. Both went into effect on July 1, 2000. It allows a one-time increase of 150 percent above the amount claimed on the 2000 Homeowner or Renter Assistance claim form.

Here's how the increased assistance is calculated:

If a claimant expected a total of \$240.00, we would multiply \$240.00 by 150 percent and then add both figures together to arrive at the total assistance of \$600.

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Get Tax News Online

In addition to the print version, Tax News is also available electronically. For no charge, we'll send you your Tax News via e-mail.

You can also access current and past issues of Tax News from our website, at www.ftb.ca.gov.

If you have questions about any of our Tax News products or services, call the Tax News Help Desk at (916) 845-7070.

K-1

Our Magnetic Media Program Saves Everyone Time, Money

If your clients still file Schedules K-1 (565) on paper, the obvious question is why? With simpler, more efficient means available and at cost savings to you, filing paperless Schedules K-1 (565) should be your first choice.

Our voluntary program offers four different ways to file: CD, diskette, magnetic tape, or tape cartridge.

Magnetic media is better because it's efficient, reliable and more cost effective than filing with paper. It's efficient for you because you can load approximately 331,000 uncompressed Schedules K-1 records onto one CD. It's efficient for us as well. It takes less than five minutes to download 80,000 paperless Schedules K-1 (565) from a CD or diskette into our processing equipment.

Schedules K-1 (565) filed on magnetic media contain fewer errors too, thanks to our free K-1 TestWare. Our K-1 TestWare has two programs. K-1 Verify edits the record layout to ensure the fields are the correct length and position. K-1 Convert expands your files from a delimited format

(such as spreadsheets) to a standard, fixed length format.

Any partnership, regardless of its size, can participate in our Magnetic Media Program. Some of our participants have as few as five partners and others have more than 80,000 (Compare this to the Internal Revenue Service which requires all partnerships with 100 or more partners to file their

Schedules K-1 electronically).

For information on how to get started, go to the Businesses, Practitioners and Developers section of our Electronic Services

webpage (www.ftb.ca.gov/electserv/) and download the publication entitled: Guide for Schedule K-1 (565) Filing by CD, Diskette, or Magnetic Media (FTB Pub 1062). It contains information about preparing Schedules K-1 (565) for paperless filing. You can also obtain a free copy of our K-1 TestWare from our website.

If you have questions or need more information, contact our e-file Helpdesk at (916) 845-0353. Helpdesk hours are 8 a.m. to 5 p.m., Monday through Friday.

**"You can load
approximately 331,000
uncompressed Schedules
K-1 records onto one CD."**

It's Not too Late to Claim LARZ

Qualified taxpayers can still receive the Los Angeles Revitalization Zone (LARZ) tax incentives on their state tax returns.

Although the LARZ tax incentives expired in 1997, taxpayers who qualified for the LARZ incentives but failed to claim them on their tax returns may file amended returns to claim the tax credits. Since California generally allows taxpayers to amend their returns up to four years after the return's due date, the 1996 and 1997 tax years are still within the deadline to amend.

LARZ tax credits that can be claimed on amended returns are the general hiring credit, the construction hiring credit, and the sales or use tax credit. These credits can offset tax for a 15-year period or until fully used, but can only offset tax attributed to income earned in the LARZ.

The general hiring credit is for employers operating in the LARZ who hire qualified employees (hired on or after May 1, 1992, and who reside in the LARZ) and employs them in the LARZ. The credit in the first year of employment is 50 percent of qualified wages (hourly wage rate cannot exceed 150 percent of minimum wage), and declines by 10 percent in each subsequent year of employment.

The construction hiring credit is for employers operating in the LARZ who hire qualified employees as explained previously and employs them in the LARZ to perform construction work. This credit can equal 50 percent of qualified wages (hourly wage rate can not exceed 150 percent of minimum wage) for those employees hired on or after January 1, 1994, and before December 31, 1997, and for wages paid between January 1, 1994, and December 31, 1997.

The sales or use tax credit is for the sales or use tax paid on the purchase of tangible personal property that is purchased on or after May 1, 1992, by a taxpayer operating in the LARZ and used exclusively in the LARZ.

The Los Angeles Revitalization Zone was established to aid economic development in areas that suffered damage during the civil unrest that occurred in Los Angeles County during April and May of 1992. Tax incentives for taxpayers operating in the LARZ geographic area were available for tax years 1992 through 1997.

For more information about the LARZ tax incentives, call us at (916) 845-3464 or visit our website at www.ftb.ca.gov and access the FTB 3806 Business Booklet 3806 (1997 edition).



Payments Made Simple with Credit Cards

With third quarter estimate payments due soon, we would like to remind you that your clients can use their Discover/Novus, MasterCard or American Express cards to pay a variety of taxes including:

- personal income tax return payments,
- personal income tax extension payments,
- estimated personal income tax payments, and
- any bill containing an insert with information about credit card payments.

To pay by credit card, call our credit card service provider, Official Payments Corporation toll-free at 1-888-2PAY-TAX (1-888-272-9829) and enter jurisdiction code 1555, or visit www.officialpayments.com to make a payment.

Official Payments Corporation will charge taxpayers a convenience fee. To view the convenience fee schedule, go to www.officialpayments.com/fees/fees_cal.html.

For more information, visit our website at www.ftb.ca.gov and click on Electronic Services.

Ask the Advocate

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Example: $\$240 \times 150\% = \$360 + \$240 = \600

The first assistance checks (with the increased amounts) were issued in early July.

If you have any questions you would like answered in this column please write or fax them to:

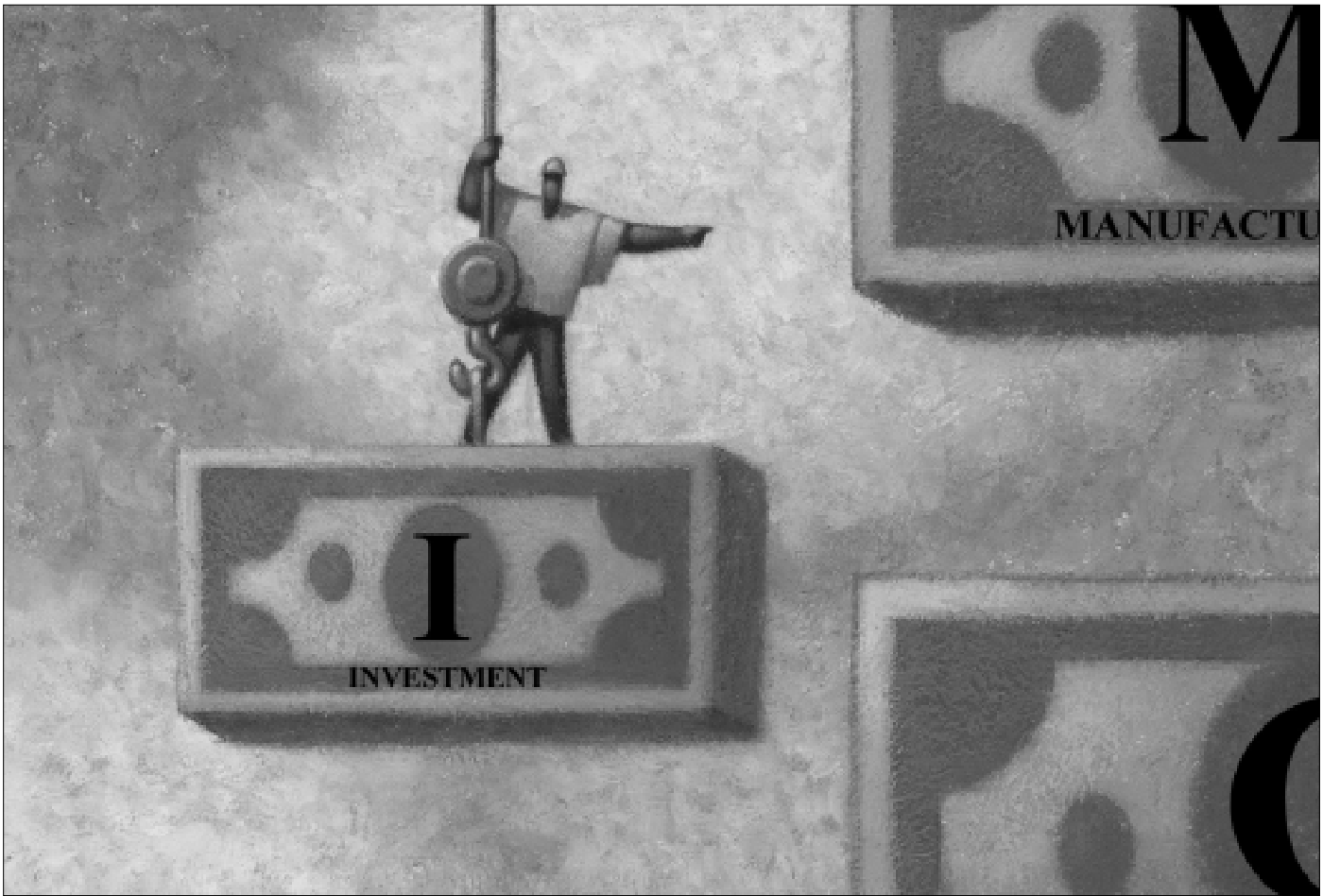
Taxpayer Advocate Bureau

MS B-20
PO BOX 157
Rancho Cordova CA
95741-0157

Or send us a fax:

(916) 845-6614

You can also reach us through our website at: www.ftb.ca.gov.



Manufacturers' Investment Credit

Qualified Property Plays Major Role in Claiming Credit

Qualified property, qualified taxpayer, and qualified costs are the three key requirements for claiming the Manufacturers' Investment Credit (MIC). In this article we explain what qualified property is and discuss some of the common errors made in computing the credit.

Generally, qualified property is new or used tangible personal property (as

defined in Internal Revenue Code (IRC) Section 1245(a)(3)(A)) that is used by qualified taxpayers primarily (50 percent or more of the time) in qualified activities. This requirement will generally be satisfied if those taxpayers are using the property in the same activities that made them qualified taxpayers.

Qualified activity

Qualified activity means an activity engaged in by a qualified taxpayer that involves manufacturing, processing, refining, fabricating, recycling, research and development, or pollution control (meeting or exceeding established state or local standards). Qualified activity also includes the maintenance, repair,

measuring or testing of otherwise qualified property.

Tangible personal property

Tangible personal property does not include real property such as land or buildings, or other tangible property such as inherently permanent structures. It also does not include intangible property such as patents and copyrights. One exception to the tangible personal property requirement is for special purpose buildings and foundations used by certain qualified taxpayers engaged in certain manufacturing activities. Generally, these include biotechnology,

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MIC:

Qualified Property

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biopharmaceutical, aerospace, computer and computer chip manufacturers.

Common Errors

One common error found in claiming the MIC involves qualified taxpayers who construct or acquire property used for pollution control. Some erroneously include real property (e.g., land, storage buildings, etc.), land improvements (e.g., excavation costs, etc.) or inherently permanent structures (e.g., underground drainage systems, piping, tanks, and concrete structures, etc.). Although the property may be used by qualified taxpayers in qualified activities, it is not tangible personal property as defined under IRC Section 1245(a)(3)(A). Therefore, unless the special purpose building exception to the tangible personal property requirement is met, real property or inherently permanent structures would not qualify for purposes of claiming the MIC.

Another common error is the inclusion of equipment that is not used as an integral part of taxpayers' manufacturing or other qualified activities. For example, some taxpayers have included the costs for personal computers and off-the-shelf computer software used to measure or track inventory. Measuring is a qualified activity; however, the equipment must be used to measure other qualified property. Equipment used to measure or track inventory is used for general administration purposes, a non-qualified activity. Thus, it would not qualify for the credit.

However, if the personal computers and off-the-shelf computer software are used to operate, maintain, repair, test, or measure qualified property such as manufacturing machinery, the property

would qualify for purposes of claiming the MIC.

Although property is reported or classified in the accounting books (or fixed asset account) as manufacturing property and is used in the manufacturing or processing facility, it may not qualify for the MIC. In order to determine whether property is qualified property, qualified taxpayers must determine that the property is actually used in a qualified activity.



Equipment categories that taxpayers mistakenly consider to be qualified property include:

- communication,
- security,
- fire-prevention or warning systems;
- and transportation equipment.

Examples of specific equipment that may not qualify include:

- radios,
- phone systems,
- loud speakers,
- security cameras,
- fire sprinklers,
- fire alarms;
- and trucks or motorized carts used to transport tools or equipment to repair qualified

property or transport employees throughout the manufacturing plant.

Although this equipment may be used in the qualified taxpayer's manufacturing plant, this type of equipment is generally not used in manufacturing or any other qualified activity.

Role of the manufacturing process

The manufacturing process starts at the point any raw materials are received by the qualified taxpayer and introduced into the process. The process ends at the point at which the manufacturing or other qualified activity has altered the property to its complete form, including packaging, if required.

In order to qualify for the credit, the qualified property must be used during the manufacturing process. For example, shelving used to store materials after the materials have been introduced in the process but prior to the product being produced in its completed form would qualify for the credit because the shelving is used during the manufacturing process.

In contrast, shelving or any other equipment used to store or handle finished goods after the completion of the manufacturing process would not qualify because the equipment is used for storage, a non-qualified activity. Examples of property used in a non-qualified activity include storage racks or freezers used to store finished goods and forklifts used in warehousing activities such as transporting finished goods to storage or the taxpayer's warehouse. Loading docks would also not qualify since they generally are not used during the manufacturing process and they are not considered tangible personal property.

Raw Materials

Raw materials stored at a facility other than where the qualified taxpayer's manufacturing (or other qualified

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Common Errors to Avoid with Other MIC Elements

Qualified taxpayer and *qualified costs* are the other key requirements for claiming the Manufacturers' Investment Credit (*Qualified property* is the third). The following is an overview of common errors we find involving qualified taxpayer and qualified costs.

Qualified Taxpayer

Generally, the taxpayer's business activity must be in manufacturing as described by codes 2011 through 3999 in the Standard Industrial Classification (SIC) Manual, 1987 edition. Codes 2011 through 3999 are under Division D, Manufacturing, of the SIC Manual.

One common error found involves taxpayers who have business activities in other divisions of the SIC Manual. Some of these taxpayers erroneously claim the credit. For example, taxpayers who are engaged in the retail sale of bakery goods are claiming a MIC for costs paid for qualified property. However, these taxpayers would generally be classified in SIC Code 5461, "Retail Bakeries." Since these taxpayers are not engaged in an activity described under Division D, Manufacturing, they are not considered qualified taxpayers for purposes of claiming the MIC.

Qualified Cost

This is an area where errors are frequently made. For example, some taxpayers erroneously include sales or use tax amounts paid to other states. Some taxpayers also erroneously include as qualified costs those amounts upon which no sales or use tax were paid or incurred.

Generally, there are two basic requirements for costs to be qualified for the MIC. First, California sales or use tax must be paid, directly or

indirectly, on all costs, with the major exception of capitalized labor costs.

The MIC law states that qualified costs are an amount upon which California sales or use tax is paid, either directly or indirectly. For example, if you pay \$100 for a machine, plus \$8 in California sales tax, for a total cost of \$108, then the qualified cost for the MIC is \$100, not \$108. Thus, the qualified costs for the MIC can never include sales or use tax amounts paid. If, however, you did not pay the \$8 in California sales tax, the \$100 paid for the machine would not be treated as a qualified cost.

Another common error found with qualified costs is the inclusion of costs that are currently expensed under IRC Section 179. The second requirement for qualified costs is that amounts must be properly chargeable to your capital account. In order to meet this requirement, costs must be properly includable in the tax basis for computing depreciation. Costs that are not included in the depreciable basis for tax purposes, such as amounts currently expensed under IRC Section 179 and similar provisions (such as the Los Angeles Revitalization Zone business expense deduction) are not eligible for the MIC. For example, if you purchased 10 stainless steel racks for \$100 and elected to expense the item for California franchise tax purposes, the \$100 paid would not be treated as a qualified cost since the amount is not properly chargeable to your capital account.

Capitalized labor costs for constructing or modifying qualified property can also qualify for the MIC as long as they are treated as "direct" costs under IRC Section 263A. Direct costs include basic compensation, overtime pay, payroll taxes, holiday pay, sick pay, etc. Some taxpayers, however, erroneously include "indirect" costs such as

MIC: Qualified Property

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activity) is conducted are not considered to have been introduced into the manufacturing (or other qualified activity).

Consequently, items such as bins, tanks, or racks used to collect or hold raw materials that are located off-site from the taxpayer's manufacturing facility would not qualify for purposes of claiming the MIC since the raw materials have not been introduced into the manufacturing process, and the property is not used in a qualified activity.

For example: storage bins that are owned by qualified taxpayers and used to hold the raw materials purchased by qualified taxpayers, prior to shipping to the taxpayers' facilities would not qualify for the credit.

For additional information on the requirements for, and examples of "qualified property," refer to the California Code of Regulations 23649-5.

training costs, officer's compensation, insurance, travel and entertainment expenses, utilities, and freight charges. The entire credit for such item of property must be recaptured by adding the amount of credit claimed to the "tax" of the qualified taxpayer for the following taxable or income year.

Laws and Legislation

Summary of Legislation Recently Signed Into Law

Several legislative measures dealing with taxes or affecting the Franchise Tax Board were recently signed into law. To review the complete legislative analyses of these bills, visit the Law and Legislation section of our website. The Internet address is: www.ftb.ca.gov/law_legis.

Credits

AB 465 (Stats. 2000, Ch. 103) increases the state alternative research credit to 85 percent of the federal credit amount, instead of the existing 80 percent. Thus, the 1998 federal percentages of 1.65 percent, 2.2 percent and 2.75 percent are replaced with 1.40 percent, 1.87 percent and 2.34 percent, respectively. This act was chaptered out by AB 511.

AB 480 (Stats 2000, Ch. 114) allows a refundable credit equal to a percentage of the federal child and dependent care credit. The credit percentage varies as follows based on the taxpayer's California adjusted gross income (AGI):

<u>AGI</u>	<u>Credit</u>
\$40,000 or less	63%
Over \$40,000 to \$70,000	53%
Over \$70,000 to \$100,000	42%
Over \$100,000	0%

The federal credit is limited to 20 to 30 percent of employment-related expenses of \$2,400 for one qualifying individual or \$4,800 for two or more qualifying individuals.

AB 511 (Stats. 2000, Ch. 107) modifies the research credit to increase the state credit for *qualified research expenses* from 12 percent to 15 percent and

increase the state alternative incremental research expense credit to 90 percent of the prior federal amount, instead of the existing 80 percent.

The bill allows taxpayers who are eligible caregivers a \$500 non-refundable credit for each applicable individual to whom they provide long-term care. An applicable individual may be the taxpayer, spouse of the taxpayer or a qualifying dependent who has been certified to have long-term care needs.

AB 511 allows an employee to exclude from gross income the amount that an employer pays or incurs, up to \$5,250, for the employee to take graduate level courses in pursuit of a law, business, medical or another advanced academic or professional degree beginning on or after January 1, 2000.

This bill incrementally increases the general net operating loss (NOL) deduction carry forward amount under both the Personal Income Tax Laws and the Bank and Corporation Tax Laws from 50 percent to 65 percent and would increase the net operating loss carry forward period from five years to ten years.

Finally, this bill provides a rural investment sales tax exemption, modifies the vehicle licensing fee rebate proposed by AB 858, and makes an appropriation of \$2 billion for the VLF rebate. These provisions do not impact the programs administered by the Franchise Tax Board.

AB 1626 (Stats. 2000 Ch. 3) provides that for calendar years after 1999 the maximum annual aggregate credit allocation for the low-income housing

credit will continue to be \$50 million. Without this law, the maximum would have reverted to \$35 million.

AB 2871 (Stats. 2000, Ch. 105) allows a \$500 credit to taxpayers who are eligible caregivers for each applicable individual in need of long-term care. An applicable individual includes a taxpayer, a taxpayer's spouse, or a qualifying dependent, as defined, who has been certified to have long-term care needs. This act was chaptered out by AB 511.

AB 2879 (Stats. 2000, Ch. 75) allows a credit for credentialed teachers based upon the years of service as a credentialed teacher. The credit amount varies as follows:

<u>Years of Service</u>	<u>Credit</u>
At least 4 but less than 6 years	\$250
At least 6 but less than 11 years	\$500
At least 11 but less than 20 years	\$1,000
20 or more years	\$1,500

The credit cannot exceed 50 percent of the amount of tax that would be imposed on the teacher's salary, excluding pensions or other deferred compensation, after application of the standard deduction or itemized deductions.

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Laws and Legislation

Summary of Legislation Recently Signed Into Law

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Credits

SB 1647 (Stats. 2000, Ch. 113) establishes the Natural Heritage Preservation Tax Credit Act of 2000 within the Public Resources Code.

The act allows a tax credit to taxpayers who contribute real property to the state, approved local governments, or approved nonprofit organizations designated by the state or local government. The amount of tax credit equals 55 percent of the fair market value of the qualified contribution.

The credit would be in lieu of any other deduction and any excess credit could be carried over until exhausted.

This act applies to qualified contributions of property made on or after January 1, 2000.

SB 1664 (Stats. 2000, Ch. 60) provides a one-time increase of 150 percent in homeowners and renters assistance payments for low-income seniors and disabled individuals for the 2000 calendar year. The maximum homeowner assistance increased from \$326.40 to \$816 and the maximum renter assistance credit increased from \$240 to \$600.

The act also moves the filing date of the claims for assistance from May 15 through August 31 to July 1 through October 15. In addition, it extends the dates by which the state assists the claimants from June 30 and before October 31 to July 15 and before November 15 of the calendar year in which the claim is filed.

Interest Abatement

AB 463 (Stats. 2000, Ch. 183) clarifies that a Franchise Tax Board abatement of interest may apply to interest on a proposed or final deficiency or interest on a payment thereof.

The act also revises the timeframes related to filing an appeal of FTB's determination not to abate interest to be consistent with current timeframes for filing an appeal of a deficiency or claim for refund. If FTB fails to mail its notice of determination on a request to abate interest within six months, the request is deemed to be denied and the taxpayer may appeal to the Board of Equalization.

The act further provides that a request to abate interest related to a deficiency assessment may be included in the written protest or appeal to the State Board of Equalization.

Miscellaneous

AB 809 (Stats. 2000, Ch. 31) expresses legislative findings and declarations regarding the \$300 smog impact fee imposed on vehicles last registered outside this state.

It excludes from gross income any interest paid by the state in conjunction with the refund of the smog impact fee. The exclusion applies to taxpayers that were not allowed to deduct the fee when paid or incurred.

In addition, the act makes other changes to the Vehicle Code related to the smog impact fee.

AB 1774 (Stats. 2000, Ch. 104) phases in an increased percentage of the net operating loss (NOL) that may be carried forward. The current 50 percent deduction would increase as follows:

- 55 percent for taxable or income years beginning on or after January 1, 2000, and before January 1, 2002.
- 60 percent for taxable or income years beginning on or after January 1, 2002.

In addition, the bill increases from five to 10 the number of years that the NOL may be carried forward. This act was chaptered out by AB 511.

SB 1239 (Stats. 2000, Ch. 4) excludes from the definition of "income from sources within this state" any income, gain or loss from stocks or securities received by an alien corporation whose sole activity in California involves trading in those stocks/securities for the corporation's own account, as defined by the Internal Revenue Code. The exclusion does not apply to a dealer in stock or securities.

FTB Sponsored Legislative Proposals

SB 2173 (Stats. 2000, Ch. 180) clarifies that with respect to lump sum amounts received by a lottery prizewinner assignor, amounts received in connection with the assignment of the right to receive future payments of lottery prize awards are exempt from state and local taxes.

2000 e-file Seminars

Franchise Tax Board and the Internal Revenue Service will conduct e-file seminars at locations throughout California. Get the latest information about the federal and state electronic filing programs and earn continuing professional education credits. Here are the dates and locations:

Oakland/San Francisco Area

Oct. 5, 9 a.m. – Noon

Oakland Federal Bldg.
N. Tower Auditorium, 3rd Floor
1301 Clay Street, Oakland

Oct. 10, Noon – 3 p.m.

Richmond Library
325 Civic Center Plaza, Richmond

Oct. 12, 10 a.m. – 1 p.m.

San Francisco Federal Bldg.
Nevada/California Rooms
450 Golden Gate Ave, San Francisco

Oct. 17, 10:30 a.m. – 1:30 p.m.

Redwood City Library
1044 Middle Field Road, Redwood City

Oct. 19, 10 a.m. – 1 p.m.

Walnut Creek IRS Bldg.
185 Lennon Lane, Walnut Creek

Oct. 24, 10 a.m. – 1 p.m.

So. Vallejo Community Center
545 Magazine Street, Vallejo

Nov. 2, 11:30 a.m. – 2:30 p.m.

Town Center Mall (inside)
Corte Madera Community Center
770 Tamalpais Drive, Corte Madera

Nov. 7, 1 – 4 p.m.

Fremont Library
2400 Stevenson Blvd, Fremont

Nov. 9, 10 a.m. – 1 p.m.

Hayward Library
835 C Street, Hayward

Nov. 14*, 1 – 4 p.m.

Los Medanos College
2700 East Leland Road, Pittsburg

Nov. 16* 1 – 4 p.m.

Pleasanton Library
200 Bernal Ave, Pleasanton

Dec. 1, 10 a.m. – Noon**

San Francisco Federal Bldg.
Nevada/California Rooms
450 Golden Gate Ave, San Francisco

Dec. 5, 1 – 3 p.m.**

Oakland Federal Bldg.
N Tower Auditorium, 3rd Floor
1301 Clay Street, Oakland

Dec. 7, 10 a.m. – Noon**

Walnut Creek IRS Bldg.
185 Lennon Lane, Walnut Creek

**Date subject to change. Please call (510) 637-2482 to confirm.*

*** Recommended for experienced e-file practitioners.*

Los Angeles Area

Sept. 19, Oct. 11 or Nov. 2

9 a.m. – Noon or 1 – 4 p.m.

Edward R. Roybal Federal Bldg.
255 East Temple Street, 2nd floor, Los Angeles

Sept. 21, Oct. 19 or Nov. 9

9 a.m. – Noon or 1 – 4 p.m.

Van Nuys State Bldg. Auditorium
6150 Van Nuys Blvd, Van Nuys

Sept. 26 or Oct. 4

9 a.m. – Noon or 1 – 4 p.m.

Southcoast AQMD
21865 East Copley, Diamond Bar

Sept. 28 or Oct. 25

9 a.m. – Noon or 1 – 4 p.m.

City of Lawndale,* Council Chambers
14717 Burin Ave, Lawndale

Oct. 5 or Nov. 16 9 a.m. – Noon

City of Cerritos, Cerritos Park East

13234 East 166th Street, Cerritos

Oct. 26, 9 a.m. – Noon or 1 – 4 p.m.

Lancaster Community Room
44933 North Fern Ave, Lancaster

**Location subject to change. Please call (213) 576-4183 to confirm.*

Central California

Sept. 26, 10 a.m. – Noon

Cesar Chavez Library
615 Williams Road, Salinas

Sept. 27, 9 - 11 a.m.

Minami Center, Studio Room
600 West Enos Drive, Santa Maria

Sept. 28, 1 – 3 p.m.

Oxnard Public Library
251 South A Street, Oxnard

Oct. 3, 1 – 3 p.m.

State Building
1800 30th Street, 3rd Floor, Bakersfield

Oct. 4, 1 – 3 p.m.

State Building
2550 Mariposa Street, Room 1036, Fresno

Oct. 5, 1 – 3 p.m.

Stanislaus County Library
1500 I Street, McHenry Room, Modesto

Oct. 10, 1 – 3 p.m.

Lakewood Park Building
834 Lakechime Drive, Sunnyvale

Oct. 11*, 10 a.m. – Noon

Santa Cruz Public Library
224 Church Street, Santa Cruz

Oct. 12, 1 – 3 p.m.

Martin Luther King Jr.
Main Library, McDaniel Room
180 West San Carlos, San Jose

Oct. 17*, 1 – 3 p.m.

San Luis Obispo City Hall
995 Palm Street, San Luis Obispo

Oct. 18*, 1 – 3 p.m.

City Hall Meeting Room 202
501 Poli Street, Ventura

Oct. 19*, 1 – 3 p.m.

City of Visalia
Recreation Department
345 North Jacob Street, Visalia

Dec. 5*, 1 – 3 p.m.

Martin Luther King Jr.
Main Library, McDaniel Room
180 West San Carlos, San Jose

Dec. 6*, 1 – 3 p.m.

Higuera Adobe Building
Wessex Place (off N. Park Victoria),
Milpitas

**Recommended for experienced e-file practitioners*

Northern California and Sacramento Area

Oct. 19

9 a.m. – Noon

Nov. 14

6 – 9 p.m.

Dec. 6*

10 a.m. – Noon

Dec. 14*

6 – 8 p.m.

IRS Building

4330 Watt Avenue, Room 118, North
Highlands (Select one date only)

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HRA

Continued from page 1

Qualified homeowners will receive from \$34 to \$816, up from the standard \$14 to \$326 payments. Renters will receive \$25 to \$600, up from \$10 to \$240.

We mailed claim booklets in mid-May, consequently the new amounts are not indicated in the booklets.

Your clients who have already filed their claim forms do not have to do anything to get the larger amounts. We will compute the increase automatically.

SB 1664 also changed the start of the HRA filing period from May 15 to July 1 for future claim years.

To qualify, claimants must be at least 62 years old, or be blind or totally disabled as of December 31, 1999.

In addition, claimants' total household income for 1999 must have been \$33,993 or less.

The Homeowner and Renter Assistance Program began in 1968 to provide relief to low-income seniors by providing a once-a-year payment based on a portion of their property tax. The program was later extended to low-income renters. Finally, low-income disabled homeowners and renters, regardless of age, became eligible for the program.

Please inform your clients about these changes. Forms are available on our website at www.ftb.ca.gov or by calling 1-800-338-0505.

e-file Seminars

Continued from page 11

Oct. 3 9 a.m. – Noon
Cal Trans Building
1656 Union Street, Eureka

Oct. 5 9 a.m. – Noon
Forestry Center
6101 Airport Road, Redding

Oct. 12 9 a.m. – Noon
Butte County Library
1108 Sherman Avenue, Chico

Oct. 17 9 a.m. – Noon
Stockton State Building
31 East Channel, Auditorium, Stockton

Oct. 24 12:30 – 3:30 p.m.
Santa Rosa State Building

50 D Street, Room 410A & B, Santa Rosa

Oct. 25 12:30 – 3:30 p.m.
Sonoma Valley Regional Library
755 West Napa Street, Sonoma

** Recommended for experienced e-file practitioners*

Address Service Requested

RANCHO CORDOVA CA 95741-2708
PO BOX 2708

Tax News

