

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Washington Analyst: Colin Stevens Bill Number: AB 203

Related Bills: See prior analysis Telephone: 845-3036 Amended Date: 3/24/99

Attorney: Doug Bramhall Sponsor:

SUBJECT: Employer Qualified At-Risk Youth Wages Credit

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced JANUARY 21, 1999.
- 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/amended _____.
- FURTHER AMENDMENTS NECESSARY.
- DEPARTMENT POSITION CHANGED TO _____.
- REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED JANUARY 21, 1999, STILL APPLIES.
- OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (B&CTL), this bill would allow a credit equal to one-third of the wages paid or incurred by a qualified employer for the first year of employment of a qualified at-risk youth. The credit would be limited to \$5,000 per youth. Additionally, this bill would allow a credit equal to the amount paid or incurred by the employer for the services of a county probation or parole officer, not to exceed \$300 for each at-risk youth.

Under the Government Code, this bill would allow a county board of supervisors to impose a one-time fee upon a qualified employer of up to \$300 for the services of a probation officer in the supervision of a qualified at-risk youth.

Under the Penal Code, this bill also would require a probation officer to provide verification of an employee's status as a qualified at-risk youth.

In uncodified law, this bill would require the Franchise Tax Board (FTB) and the Legislative Analyst's Office (LAO) to report annually on aspects of this credit and the county probation departments to track recidivism rates among at-risk youths who qualify an employer for credit.

SUMMARY OF AMENDMENT

The March 24, 1999, amendments:

- adopted recommendations proposed in the department's analysis of the bill as introduced January 21, 1999. The amendments resolve technical considerations identified in the department's analysis to clarify when certain amounts would be allowable as a credit and to limit the carryover of credits.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input checked="" type="checkbox"/> N	<input type="checkbox"/> OUA	<input type="checkbox"/> PENDING

Department/Legislative Director Date

Geoff Way

3/31/1999

- adopted requirements that the FTB, beginning in 2001 and annually thereafter, report to the Legislature regarding the number of employers who claim the credit, the number of employees for whom the credit is claimed, and the total value of credits claimed;
- adopted requirements that county probation departments track recidivism rates among at-risk youths who qualify an employer for the credit under this section and that the LAO report to the Legislature regarding this recidivism rate.

Except for the amendments described above, the change in Board position, and the resolution of the department's technical concerns, the department's previous analysis of the bill still applies.

BOARD POSITION

Neutral.

At its March 23, 1999, meeting, the Franchise Tax Board voted 2-0 to take a neutral position on this bill as introduced January 21, 1999.