

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Chesbro Analyst: Roger Lackey Bill Number: SB 1445

Related Bills: See Prior Analysis Telephone: 845-3627 Amended Date: August 30, 2000

Attorney: Patrick Kusiak Sponsor:

SUBJECT: Manufacturing Enhancement Area Employer Hiring Credit/Allow Expansion of Area & Include Agricultural Production

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended 07-03-2000.
- 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 AMENDED July 3, 2000 STILL APPLIES.
- OTHER - See comments below.

SUMMARY OF BILL

This bill would provide for the expansion of a manufacturing enhancement area (MEA) in Imperial County by no more than 200 acres upon approval by the Trade and Commerce Agency (TCA).

In addition, this bill would expand the definition of "qualified taxpayer" in the MEA hiring credit to include taxpayers engaged in certain agricultural business activities and services as defined in the Standard Industrial Classification (SIC) Manual, 1987 edition.

SUMMARY OF AMENDMENTS

The August 30, 2000, amendments added taxpayers engaged in agricultural service activities as described in SIC Code 0723, "Crop Preparation Services for Market, Except Cotton Ginning," to the definition of "qualified taxpayer" in the MEA hiring credit.

The August 30, 2000, amendments made technical changes as suggested in the department's previous analysis of the bill as amended July 3, 2000.

The August 30, 2000, amendments deleted the property tax provision.

Except for the change to the revenue estimate and the resolution of the technical concerns, the department's analysis of the bill as amended July 3, 2000, still applies.

<p>Board Position:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;"><input type="checkbox"/> S</td> <td style="width: 33%;"><input type="checkbox"/> NA</td> <td style="width: 33%;"><input type="checkbox"/> NP</td> </tr> <tr> <td><input type="checkbox"/> SA</td> <td><input type="checkbox"/> O</td> <td><input type="checkbox"/> NAR</td> </tr> <tr> <td><input type="checkbox"/> N</td> <td><input type="checkbox"/> OUA</td> <td><input checked="" type="checkbox"/> PENDING</td> </tr> </table>	<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 type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING	<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Legislative Director</td> <td style="width: 40%;">Date</td> </tr> <tr> <td>Johnnie Lou Rosas</td> <td>10/25/00</td> </tr> </table>	Legislative Director	Date	Johnnie Lou Rosas	10/25/00
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REVENUE ESTIMATE DISCUSSION

According to departmental data for existing MEAs, only \$30,000 in hiring credits was claimed by qualified taxpayers for the 1998 tax year.

The revenue loss from these changes to the MEA hiring credit is projected to be minor, less than \$500,000 annually.

BOARD POSITION

Pending.