

# SUMMARY ANALYSIS OF AMENDED BILL

## Franchise Tax Board

Author: Chesbro Analyst: Marion Mann DeJong Bill Number: SB 94

Related Bills: See Prior Analysis Telephone: 845-6979 Amended Date: 09/02/1999

Attorney: Patrick Kusiak Sponsor: Franchise Tax Board

**SUBJECT:** Taxpayers' Bill Of Rights Of 1999

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/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

REMAINDER OF PREVIOUS ANALYSES OF BILL STILL APPLIES.

OTHER - See comments below.

### SUMMARY OF BILL

This bill would conform, with some modifications, to 22 selected provisions of the Taxpayer Protections and Rights contained in the Internal Revenue Service Restructuring and Reform Act of 1998 (IRS Reform Act).

In addition, this bill would:

- delete obsolete refund provisions relating to the renter's credit,
- provide relief to an employee whose employer withheld delinquent taxes from the employee's pay, but failed to remit the amounts to the Franchise Tax Board (FTB), and
- provide FTB administrative authority to compromise a tax debt similar to the IRS's current offers in compromise authority.

See the Summary Table on page 3 for a complete list of items in the bill and the department's analysis date that applies.

### SUMMARY OF AMENDMENT

**The September 2, 1999, amendments** deleted Item #1 (Personal Exemption Credit/AMT), Item #6 (SOL/Disabled Taxpayers), Item #10 (Elimination of Interest Differential) and language that double joined this bill to SB 680.

Except for Item #1, Item #6 and Item #10 (deleted by this amendment) and Item #3 and Item #15 (deleted by the July 1, 1999, amendments), the department's analyses of this bill as amended April 20, 1999, May 12, 1999, and July 1, 1999, still apply. The Fiscal Impact and Board Position are reiterated below.

Board Position:

S                       NA                       NP  
 SA                       O                       NAR  
 N                       OUA                       PENDING

Legislative Director

Date

**Johnnie Lou Rosas**

**9/20/1999**

FISCAL IMPACT

For purposes of a high-level, general, discussion of departmental costs, it is initially estimated that for fiscal year 1999-2000 costs would be at least \$963,500 with ongoing annual costs of approximately \$525,000 thereafter. Additional detail is provided in the department's prior analyses.

Tax revenue estimates for each provision are provided in the analysis of that provision. A summary table of the revenue impact is provided below.

**Summary of Estimated Revenue Impact**

Provision	1999-00	2000-01	2001-02
<b>1. Personal Exemption Credit/AMT (Deleted)</b>	-----		
2. Renter's Credit	No Impact		
<b>3. Cap. Gain/Personal Residence (Deleted)</b>	-----		
4. Innocent Spouse Relief	Minor Losses/-\$500,000 annually		
5. Employee Relief/Unremitted Withholdings	Negligible Losses/-\$25,000 annually		
<b>6. SOL/Disabled Taxpayers (Deleted)</b>	-----		
7. Offers In Compromise	Minimal Revenue Savings/+\$40,000 annually		
8. Authority to Award Costs and Fees	No Impact		
9. Action for Release of Third-party Liens	No Impact		
<b>10. Elimination Interest Differ. (Deleted)</b>	-----		
11. Suspension of Interest/Fail to Notify	--	-\$0.7	-\$1
12. Procedures for Imposing Penalties	No Impact		
13. Notice of Interest Charges	No Impact		
14. Abatement of Interest/Disaster Areas	Negligible Loss		
<b>15. Due Process/Collections (Deleted)</b>	-----		
16. Financial Status Audits	No Impact		
17. Software Trade Secrets	No Impact		
18. Taxpayer Motion to Quash	Negligible Loss, if any		
19. Notice of Contact of Third Parties	No Impact		
20. Release of Levy on Uncollectible Amts.	No Impact		
21. Approval of JA/TA	Negligible Loss, if any		
22. Waiver of Early-Withdrawal Penalties	Negligible Loss, if any		
23. Procedures for Seizure of Property	No Impact		
24. Proc./Seizure of Residences/Businesses	No Impact		
25. Extension of SOL	No Impact		
26. Installment Agreements	Negligible Gain, if any		
27. Notice Include Deadlines	No Impact		
28. Explanation of Refund Disallowance	No Impact		
29. Whistleblower Disclosure	No Impact		
30. Identification of Return Preparer	No Impact		
<b>Total</b>	<b>-\$ .5</b>	<b>-\$1.2</b>	<b>-\$1.5</b>

This analysis does not consider the possible changes in employment, personal income, or gross state product that could result from this proposal.

BOARD POSITION

Support.

At its March 23, 1999, meeting, the Franchise Tax Board voted 2-0 to sponsor legislation to conform to 25 provisions of the Taxpayer Protections and Rights contained in the IRS Reform Act. The Franchise Tax Board voted to sponsor the other provisions of this bill in prior legislative proposals.

SUMMARY TABLE

The following table provides a complete list of items in the bill and the department's analysis date that applies.

Provision (TPR §#) (RTC §#)	Analysis Date
<b>1. Personal Exemption Credit/AMT</b>	<b>Deleted</b>
2. Renter's Credit (N/A) (§17053.5, §19052)	04/20/1999
<b>3. Capital Gain Exclusion/Personal Residence</b>	<b>Deleted</b>
4. Innocent Spouse Relief (§3201) (§18533, §18534)	04/20/1999
5. Employee Relief/Unremitted Withholdings (N/A) (§18673)	04/20/1999
<b>6. SOL/Disabled Taxpayers (§3202)</b>	<b>Deleted</b>
7. Offers In Compromise (N/A) (§19443, §19705)	04/20/1999
8. Authority to Award Costs and Fees (§3101) (§19717, §21013)	05/12/1999
9. Action for Release of Third-party Liens (§3106) (§19226)	05/12/1999
<b>10. Elimination of Interest Differential (§3301)</b>	<b>Deleted</b>
11. Suspension of Interest/Failure to Notify (§3305) (§19116)	05/12/1999
12. Procedures for Imposing Penalties (§3306) (§19187)	05/12/1999
13. Notice of Interest Charges (§3308) (§19117)	05/12/1999
14. Abatement of Interest/Disaster Areas (§3309) (§19109)	05/12/1999
<b>15. Due Process/Collections (§3401)</b>	<b>Deleted</b>
16. Financial Status Audits (§3412) (§19504)	05/12/1999
17. Software Trade Secrets (§3413) (§19504.5, §19542.3)	05/12/1999
18. Taxpayer Motion to Quash (§3415) (§19064)	05/12/1999
19. Notice of Contact of Third Parties (§3417) (§19504.7)	05/12/1999
20. Release of Levy on Uncollectible Amounts (§3432) (§21016)	05/12/1999
21. Approval of Jeopardy/Termination Assessments (§3434) (§19084)	05/12/1999
22. Waiver of Early-Withdrawal Penalties (§3436) (§17085.7)	05/12/1999
23. Procedures for Seizure of Property (§3444) (§19236)	05/12/1999
24. Procedures/Seizure of Residences/Businesses (§3445) (§19236)	05/12/1999
25. Extension of SOL (§3461) (§19067)	05/12/1999
26. Installment Agreements (§3462) (§19008)	05/12/1999
27. Notice Include Deadlines (§3463) (§19034, §19041, §19045)	05/12/1999
28. Explanation of Refund Disallowance (§3505) (§19323)	05/12/1999
29. Whistleblower Disclosure (§3708) (§19546.5)	05/12/1999
30. Identification of Return Preparer (§3710) (§18624)	05/12/1999