

# ANALYSIS OF ORIGINAL BILL

Author: Ting Analyst: Janet Jennings Bill Number: AB 1040  
 Related Bills: None Telephone: 845-3495 Introduced Date: February 26, 2015  
 Attorney: Bruce Langston Sponsor \_\_\_\_\_

<b>SUBJECT:</b>	FTB Submit Annual Conformity Report to Legislature on or Before February 1 Each Year
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## SUMMARY

This bill would modify the general due date for the Franchise Tax Board’s (FTB’s) annual federal conformity report.

## RECOMMENDATION

No position.

## REASON FOR THE BILL

The reason for the bill is to make the report due date consistent with the legislative calendar.

## Summary of Suggested Amendments

A minor technical amendment is suggested.

## EFFECTIVE/OPERATIVE DATE

This bill would become effective and operative January 1, 2016.

## STATE LAW

Current state law requires the FTB to submit to the Legislature, generally by the 10<sup>th</sup> of January of each year, a report on all changes to the Internal Revenue Code (IRC) enacted into law in the prior year, referred to as the federal conformity report.<sup>1</sup> However, in the event that changes to the IRC are enacted after September 15 of any year, the due date of the report is extended to be 120 days after the date of the last IRC change enacted in the prior year.

## THIS BILL

This bill would change the general due date for the FTB’s annual federal conformity report from January 10 to February 1 of each year. If changes are enacted to the IRC after September 15 of any year, the report will remain due within 120 days after the date of the last change to the IRC in the prior year.

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<sup>1</sup> Revenue and Taxation Code section 19522.

Board Position:	Executive Officer	Date
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## **IMPLEMENTATION CONSIDERATIONS**

Implementing this bill would not impact the department's programs and operations.

## **TECHNICAL CONSIDERATIONS**

Amendment one is suggested to make a minor technical modification.

## **OTHER STATES' INFORMATION**

Since this bill affects a report to the legislature, a review of other states' income tax laws is not relevant.

## **FISCAL IMPACT**

This bill would not impact the state's income tax revenue.

## **ECONOMIC IMPACT**

No departmental costs are associated with this proposal.

## **SUPPORT/OPPOSITION**

Support: None on file.

Opposition: None on file.

## **ARGUMENTS**

Proponents: Some may argue that the report's current general due date is too early in the legislative process to be of value.

Opponents: Some may argue that the recent history of changes to the IRC that triggered the report's extended due date supports modifying the due date.

## **LEGISLATIVE STAFF CONTACT**

Janet Jennings  
Legislative Analyst, FTB  
(916) 845-3495  
[janet.jennings@ftb.ca.gov](mailto:janet.jennings@ftb.ca.gov)

Jame Eiserman  
Revenue Manager, FTB  
(916) 845-7484  
[jame.eiserman@ftb.ca.gov](mailto:jame.eiserman@ftb.ca.gov)

Gail Hall  
Legislative Director, FTB  
(916) 845-6333  
[gail.hall@ftb.ca.gov](mailto:gail.hall@ftb.ca.gov)

Analyst	Janet Jennings
Telephone #	845-3495
Attorney	Bruce Langston

PROPOSED AMENDMENT TO  
AB 1040, AS INTRODUCED FEBRUARY 26, 2015

AMENDMENT 1

On page 2, line 5, ~~strikeout~~ “10th of January”, and insert:  
the date specified in subparagraph (A)