

## BILL ANALYSIS

Department, Board, Or Commission <b>Franchise Tax Board</b>	Author <b>Ting</b>	Bill Number <b>AB 154</b>
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### SUBJECT

Conformity Act of 2015 & Corporation Penalty Relief

### SUMMARY

This bill would enact two conformity provisions and a provision to provide corporation penalty relief. The conformity provisions would:

1. Change California's general "specified date" of conformity to federal income tax laws from January 1, 2009, to January 1, 2015, for taxable years beginning on or after January 1, 2015, and thereby generally conform to the numerous changes that were made to federal income tax laws during that six-year period, except as otherwise provided; and
2. Generally conform to the federal net operating loss (NOL) rules that allow corporations expecting an NOL carryback to extend the time for payment of taxes for the preceding taxable year.

The third provision, relating to corporation penalty relief, would modify the large corporate understatement penalty (LCUP) to provide certain exceptions to the penalty.

<b>Summary Revenue Estimate</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Provision 1 – General Conformity	\$15,170,000	\$16,020,000	\$17,220,000
Provision 2 – Corporation Payment Extension	- \$12,000,000	- \$8,000,000	- \$3,000,000
Provision 3 – Corporation Penalty Relief	- \$200,000	- \$200,000	- \$200,000
<b>Total Revenue Estimate</b>	<b>\$2,970,000</b>	<b>\$7,820,000</b>	<b>\$14,020,000</b>

### REASON FOR THE BILL

The reason for the bill is to simplify the preparation of California income tax returns, the return-filing process and the administration of California income tax laws, and to provide penalty relief to corporations.

### EFFECTIVE/OPERATIVE DATE

As an urgency statute, this bill would be effective immediately upon enactment. Provisions 1 and 2 would generally be operative for taxable years beginning on or after January 1, 2015, except as otherwise provided. Provision 3 would generally be operative for taxable years beginning on or after January 1, 2015, except the LCUP modifications relating to the Franchise Tax Board's (FTB's) imposition of an alternative apportionment or allocation method would be operative for any taxable year for which the statute of limitations on assessments has not expired as of the effective date of this bill.

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Executive Officer  
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Date  
9/8/15

## **Provision 1 – Changing the Specified Date of Conformity to the Internal Revenue Code**

### **FEDERAL/STATE LAW**

See the FTB's annual reports titled "[Summary of Federal Income Tax Changes – 2009.](#)" "[Summary of Federal Income Tax Changes – 2010.](#)" "[Summary of Federal Income Tax Changes – 2012.](#)" "[Summary of Federal Income Tax Changes – 2013.](#)" and "[Summary of Federal Income Tax Changes – 2014.](#)"

(Note that there is no link to the "Summary of Federal Income Tax Changes – 2011" because there are no applicable conformity changes from that year.)

### **THIS PROVISION**

This provision would change the California Revenue and Taxation Code's (R&TC's) general "specified date" of conformity to the Internal Revenue Code (IRC) from January 1, 2009, to January 1, 2015, for taxable years beginning on or after January 1, 2015. Changing the specified date would mean that the R&TC would conform to IRC changes made from January 1, 2009, through December 31, 2014, to IRC sections that have been previously incorporated by reference. In other words, California tax laws would conform to the changes made to federal tax laws during that six-year period to the extent California conforms to those laws by reference, except as otherwise provided.

This provision would also make numerous changes either to specifically not conform to or to modify certain provisions of the IRC. In addition, technical changes would be made to update cross references and to modify or eliminate current-law conformity language that relates to federal law changes made after January 1, 2009, and before January 1, 2015.

This provision would additionally provide that it is the intent of the Legislature to confirm the validity and ongoing effect of Senate Bill 401 (Wolk, Chapter 14 of the Statutes of 2010).

The following tables list:

- The federal act sections that impact provisions of the Personal Income Tax Law (PITL), the Administration of Franchise and Income Tax Laws (AFITL), and the Corporation Tax Law (CTL);
- The beginning page number in the FTB's annual report where that provision is discussed; and
- The change under this provision -- whether AB 154 would conform or not conform to that federal change. (Note that conformity decisions that would require modification are listed in the conform column.)

These tables contain only items for which a conformity decision is necessary. For certain federal provisions, California law automatically conforms to federal law changes, and those provisions are not listed or discussed in this analysis. Additionally, federal provisions that are not applicable to the PITL, the AFITL, or the CTL are not listed or discussed in this analysis.

**2009 Conformity Decisions**

<b>American Recovery and Reinvestment Act of 2009 (ARRA)</b> (Public Law 111-5)				
<b>Act Section</b>	<b>Provision</b>	<b>FTB's 2009 Annual Report Page Number</b>	<b>Decision</b>	
			<i>Conform</i>	<i>Not Conform</i>
1262	Treatment of Certain Ownership Changes for Purposes of Limitations on Net Operating Loss Carryforwards and Certain Built-in Losses	107		X

<b>Worker, Homeowner, and Business Assistance Act of 2009 (WHBAA)</b> (Public Law 111-92)				
<b>Act Section</b>	<b>Provision</b>	<b>FTB's 2009 Annual Report Page Number</b>	<b>Decision</b>	
			<i>Conform</i>	<i>Not Conform</i>
14	Exclusion from Gross Income of Qualified Military Base Realignment and Closure Fringe	208	X	
16	Increase in Penalty for Failure to File a Partnership or S Corporation Return	214		X
17	Certain Tax Return Preparers Required to File Returns Electronically	217		X

### 2010 Conformity Decisions

<b>Hiring Incentives to Restore Employment (HIRE) Act</b> (Public Law 111-147)				
<b>Act Section</b>	<b>Provision</b>	<b>FTB's 2010 Annual Report Page Number</b>	<b>Decision</b>	
			<i>Conform</i>	<i>Not Conform</i>
511	Disclosure of Information with Respect to Foreign Financial Assets	72	X	

<b>Patient Protection and Affordable Care Act</b> (Public Law 111-148)				
<b>Act Section</b>	<b>Provision</b>	<b>FTB's 2010 Annual Report Page Number</b>	<b>Decision</b>	
			<i>Conform</i>	<i>Not Conform</i>
9004	Increase in Additional Tax on Distributions from Archer MSAs Not Used for Qualified Medical Expenses	176	X	
9008	Denial of Deduction for Annual Fee on Branded Prescription Pharmaceutical Manufacturers and Importers	191	X	
9013	Modification of Itemized Deduction for Medical Expenses	203		X

<b>Dodd-Frank Wall Street Reform and Consumer Protection Act</b> (Public Law 111-203)				
<b>Act Section</b>	<b>Provision</b>	<b>FTB's 2010 Annual Report Page Number</b>	<b>Decision</b>	
			<i>Conform</i>	<i>Not Conform</i>
1601	Certain Swaps, etc., not Treated as Section 1256 Contracts	308	X	

<b>State Fiscal Relief and Other Provisions; Revenue Offsets</b> (Public Law 111-226)				
<b>Act Section</b>	<b>Provision</b>	<b>FTB's 2010 Annual Report Page Number</b>	<b>Decision</b>	
			<i>Conform</i>	<i>Not Conform</i>
215	Special Rule with Respect to Certain Redemptions by Foreign Subsidiaries	336	X	

<b>Small Business Jobs Act of 2010</b> (Public Law 111-240)				
<b>Act Section</b>	<b>Provision</b>	<b>FTB's 2010 Annual Report Page Number</b>	<b>Decision</b>	
			<i>Conform</i>	<i>Not Conform</i>
2041	Limitation on Penalty for Failure to Disclose Reportable Transactions Based on Resulting Tax Benefits	368	X	
2043	Removal of Cellular Telephones and Similar Telecommunications Equipment from Listed Property	374	X	
2102	Increase in Information Return Penalties	380	X	
2113	Special Rules for Annuities Received from Only a Portion of a Contract	397	X	

### **2012 Conformity Decisions**

<b>FAA Modernization and Reform Act of 2012</b> (Public Law 112-95, Title XI)				
<b>Act Section</b>	<b>Provision</b>	<b>FTB's 2012 Annual Report Page Number</b>	<b>Decision</b>	
			<i>Conform</i>	<i>Not Conform</i>
1108	Modification of Control Definition for Purposes of Section 249	16	X	

<b>Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21)</b> (Public Law 112-141)				
<b>Act Section</b>	<b>Provision</b>	<b>FTB's 2010 Annual Report Page Number</b>	<b>Decision</b>	
			<i>Conform</i>	<i>Not Conform</i>
40241 - 40242	Transfers of Excess Pension Assets	39	X	

### 2013 Conformity Decisions

<b>American Taxpayer Relief Act of 2012 (ATRA)</b> (Public Law 112-240)				
<b>Act Section</b>	<b>Provision</b>	<b>FTB's 2013 Annual Report Page Number</b>	<b>Decision</b>	
			<i>Conform</i>	<i>Not Conform</i>
301	Extension and Modification of Research Credit <i>Modifications to Acquisitions, Dispositions, and Aggregation of Expenditures</i>	70	X	

### 2014 Conformity Decisions

<b>Tribal General Welfare Act of 2014</b> (Public Law 113-168)				
<b>Act Section</b>	<b>Provision</b>	<b>FTB's 2014 Annual Report Page Number</b>	<b>Decision</b>	
			<i>Conform</i>	<i>Not Conform</i>
2 - 4	Indian General Welfare Benefits	16	X	

<b>Tax Increase Prevention Act of 2014</b> (Title I of Division A of Public Law 113-295)				
<b>Act Section</b>	<b>Provision</b>	<b>FTB's 2014 Annual Report Page Number</b>	<b>Decision</b>	
			<i>Conform</i>	<i>Not Conform</i>
119	Extension of Work Opportunity Credit	96		X

<b>Tax Technical Corrections Act of 2014</b> (Title II of Division A of Public Law 113-295)				
<b>Act Section</b>	<b>Provision</b>	<b>FTB's 2014 Annual Report Page Number</b>	<b>Decision</b>	
			<i>Conform</i>	<i>Not Conform</i>
202 - 221	Various Technical and Clerical Corrections, Removal of Deadwood	188	X	

<b>The Achieving a Better Life Experience Act of 2014</b> (Division B of Public Law 113-295)				
<b>Act Section</b>	<b>Provision</b>	<b>FTB's 2014 Annual Report Page Number</b>	<b>Decision</b>	
			<i>Conform</i>	<i>Not Conform</i>
102	Qualified ABLE Programs	212		X
105	Investment Direction Rule for 529 Plans	218	X	
208	Inflation Adjustment for Certain Civil Penalties under the Internal Revenue Code of 1986	222		X

**FISCAL IMPACT**

Implementing this provision would not significantly impact the department's costs.

**ECONOMIC IMPACT**

Based on data and assumptions discussed below, the revenue impact from this provision would be as shown in the following tables. Each year has its own subtotal, and total summaries of all years are provided at the end. This estimate does not consider the possible changes in employment, personal income, or gross state product that could result from this provision.

**2009 Conformity Revenue Tables**

<b>Worker, Homeowner, and Business Assistance Act of 2009 (WHBAA)</b> (Public Law 111-92)				
<b>Act Section</b>	<b>Provision</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
14	Exclusion from Gross Income of Qualified Military Base Realignment and Closure Fringe	- \$70,000	- \$40,000	- \$40,000
<b>2009 Conformity Provisions</b>		<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Totals		- \$70,000	- \$40,000	- \$40,000

**2010 Conformity Revenue Tables**

<b>Hiring Incentives to Restore Employment (HIRE) Act</b> (Public Law 111-147)				
<b>Act Section</b>	<b>Provision</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
511	Disclosure of Information with Respect to Foreign Financial Assets	\$600,000	\$800,000	\$900,000

<b>Patient Protection and Affordable Care Act</b> (Public Law 111-148)				
<b>Act Section</b>	<b>Provision</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
9004	Increase in Additional Tax on Distributions from Archer MSAs Not Used for Qualified Medical Expenses	\$380,000	\$700,000	\$900,000
9008	Denial of Deduction for Annual Fee on Branded Prescription Pharmaceutical Manufacturers and Importers	\$10,000,000	\$11,000,000	\$11,000,000

<b>Dodd-Frank Wall Street Reform and Consumer Protection Act</b> (Public Law 111-203)				
<b>Act Section</b>	<b>Provision</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
1601	Certain Swaps, etc., not Treated as Section 1256 Contracts	\$0	\$0	\$0

<b>State Fiscal Relief and Other Provisions; Revenue Offsets</b> (Public Law 111-226)				
<b>Act Section</b>	<b>Provision</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
215	Special Rule with Respect to Certain Redemptions by Foreign Subsidiaries	\$500,000	\$500,000	\$400,000

<b>Small Business Jobs Act of 2010</b> (Public Law 111-240)				
<b>Act Section</b>	<b>Provision</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
2041	Limitation on Penalty for Failure to Disclose Reportable Transactions Based on Resulting Tax Benefits	- \$250,000	- \$250,000	- \$250,000
2043	Removal of Cellular Telephones and Similar Telecommunications Equipment from Listed Property	- \$1,800,000	- \$1,500,000	- \$1,600,000
2102	Increase in Information Return Penalties	\$10,000	\$10,000	\$10,000
2113	Special Rules for Annuities Received from Only a Portion of a Contract	\$5,800,000	\$4,800,000	\$5,900,000

<b>2010 Conformity Provisions</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Totals	\$15,240,000	\$16,060,000	\$17,260,000

**2012 Conformity Revenue Tables**

<b>FAA Modernization and Reform Act of 2012</b> (Public Law 112-95, Title XI)				
<b>Act Section</b>	<b>Provision</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
1108	Modification of Control Definition for Purposes of Section 249	\$0	\$0	\$0

<b>Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21)</b> (Public Law 112-141)				
<b>Act Section</b>	<b>Provision</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
40241 - 40242	Transfers of Excess Pension Assets	Negligible	Negligible	Negligible

<b>2012 Conformity Provisions</b>		<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Totals		Negligible	Negligible	Negligible

**2013 Conformity Revenue Tables**

<b>American Taxpayer Relief Act of 2012 (ATRA)</b> (Public Law 112-240)				
<b>Act Section</b>	<b>Provision</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
301	Extension and Modification of Research Credit <i>Modifications to Acquisitions, Dispositions, and Aggregation of Expenditures</i>	Negligible	Negligible	Negligible

<b>2013 Conformity Provisions</b>		<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Totals		Negligible	Negligible	Negligible

### 2014 Conformity Revenue Tables

<b>Tax Technical Corrections Act of 2014</b> (Title II of Division A of Public Law 113-295)				
<b>Act Section</b>	<b>Provision</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
202 – 221	Various Technical and Clerical Corrections, Removal of Deadwood	\$0	\$0	\$0

<b>The Achieving a Better Life Experience Act of 2014</b> (Division B of Public Law 113-295)				
<b>Act Section</b>	<b>Provision</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
105	Investment Direction Rule for 529 Plans	Negligible	Negligible	Negligible

<b>2014 Conformity Provisions</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Totals	Negligible	Negligible	Negligible

<b>Total Revenue Impact of Provision 1</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
2009 Totals	- \$70,000	- \$40,000	- \$40,000
2010 Totals	\$15,240,000	\$16,060,000	\$17,260,000
2012 Totals	Negligible	Negligible	Negligible
2013 Totals	Negligible	Negligible	Negligible
2014 Totals	Negligible	Negligible	Negligible
<b>Grand Totals</b>	<b>\$15,170,000</b>	<b>\$16,020,000</b>	<b>\$17,220,000</b>

## **Provision 2 – Modified Conformity to the Federal NOL Carryback Procedures**

### **FEDERAL LAW**

#### *Net Operating Losses in General*

Federal law generally defines an NOL as the excess of deductions allowed over gross income.

When a taxpayer has an operating loss for a taxable year, the operating loss that may be deducted in another year is called an NOL. An operating loss occurs when a taxpayer's allowed deductions exceed their gross income for that year. Federal law generally provides that an NOL can be carried back two years and forward 20 years. Special rules are provided for the carryback of NOLs relating to issues such as specified liability losses, casualty or theft losses, disaster losses of a small business, and farming losses.

#### *Extension of Time for Payment of Taxes by Corporations Expecting Carrybacks*

A corporation that expects an NOL in the current tax year may file a statement with the Secretary of the Treasury to extend the time for payment of tax for the immediately preceding tax year, which includes extending the time for payment of a tax deficiency.<sup>1</sup> The payment of tax that can be postponed cannot exceed the expected overpayment from the carryback of the NOL. In general, the extension for paying the tax expires at the end of the month in which the return for the tax year of the expected NOL is required to be filed, including extensions.

### **STATE LAW**

#### *Net Operating Losses in General*

California generally conforms to the federal NOL rules, with modifications. NOLs attributable to taxable years beginning on or after January 1, 2008, may be carried forward 20 years. NOLs attributable to taxable years beginning on or after January 1, 2013, may be carried back two years. No losses may be carried back to years beginning before January 1, 2011. For NOLs attributable to taxable years beginning before January 1, 2013, NOL carrybacks are not allowed.

NOL deductions were suspended for taxable years beginning on or after January 1, 2008, and before January 1, 2012.<sup>2</sup> However, the current-law NOL carryback provisions disregard the NOL suspension period, and allow taxpayers to carryback an NOL attributable to taxable years beginning on or after January 1, 2013, two years (i.e., to taxable years beginning on or after January 1, 2011).

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<sup>1</sup> IRC section 6164.

<sup>2</sup> All NOL deductions were suspended for taxable years beginning on or after January 1, 2008, and before January 1, 2010. For taxable years beginning on or after January 1, 2010, and before January 1, 2012, NOL suspensions applied under the Personal Income Tax Law to taxpayers with modified adjusted gross income of \$300,000 or more, and under the Corporation Tax Law to taxpayers with pre-apportioned income of \$300,000 or more.

*Extension of Time for Payment of Taxes by Corporations Expecting Carrybacks*

California does not conform to the federal rules that allow an extension of time for payment of taxes by corporations expecting carrybacks.

**THIS PROVISION**

This provision would conform to the federal provision that allows a corporation expecting an NOL carryback to extend the time for payment of taxes for the immediately preceding taxable year.

**LEGISLATIVE HISTORY**

AB 1984 (Harkey, 2013/2014) would have conformed to the federal provision to allow an extension of time for payment of taxes by corporations expecting carrybacks, similar to this provision, and would have additionally conformed to the federal rules that allow corporations expecting carrybacks to obtain a tentative refund. AB 1984 was held in the Assembly Appropriations Committee.

**OTHER STATES' INFORMATION**

The states surveyed include *Florida, Illinois, Massachusetts, Michigan, Minnesota, and New York*. These states were selected due to their similarities to California's economy, business entity types, and tax laws.

*Florida, Illinois, Massachusetts, Michigan, and Minnesota* do not allow NOL carrybacks. *New York* allows NOL carrybacks, but limits the amount of the NOL carryback to \$10,000.

**FISCAL IMPACT**

Staff estimates a cost of approximately \$95,000 for fiscal year 2015/2016 to make the programming and processing changes necessary to implement this provision.

**ECONOMIC IMPACT****Revenue Impact**

This provision would result in the following accelerated revenue loss:

Estimated Revenue Impact of AB 154 - Provision 2 Assumed Enactment After June 30, 2015		
2015-16	2016-17	2017-18
- \$12,000,000	- \$8,000,000	- \$3,000,000

This estimate does not account for changes in employment, personal income, or gross state product that could result from this bill.

## **Revenue Discussion**

Based on the FTB's corporate micro-simulation model, it is estimated that corporations could carryback \$2.8 billion of NOLs from tax year 2014. An average marginal tax rate of 5.8 percent is applied to estimate the tax effect of the estimated NOL carryback amount. It is assumed that 40 percent of corporations expecting an NOL in the current taxable year would elect to file an application for an extension of time to pay taxes for the preceding taxable year. It is estimated there would be no revenue impact for 50 percent of corporate tax payments that would be affected by this provision because of the refund accrual rules. For example, if a corporation makes a taxable year 2015 payment in April of 2016, that payment would be assigned to fiscal year 2015-16. If the same corporation then generates an NOL in tax year 2016 and is issued a refund in April of 2017, the refund would be accrued back to fiscal year 2015-16. As a result, the fiscal-year impact would be zero. This estimate assumes that the remaining 50 percent of corporate tax payments would accelerate the fiscal-year assignment of the refund, resulting in an acceleration of that loss.

The tax-year estimates are converted to fiscal years and rounded to arrive at the amounts reflected in the table above.

## **Provision 3 – Corporation Penalty Relief**

### **FEDERAL/STATE LAW**

#### **Federal Law**

There is no comparable penalty under federal law.

#### **State Law**

The LCUP is assessed against any corporation that has an understatement of tax if such understatement exceeds the greater of:

- \$1 million; or
- 20 percent of the tax shown on an original return (or amended return filed on or before the original or extended due date of the original return).

The penalty is 20 percent of the understatement of tax. For purposes of this penalty, an understatement of tax means the difference between the amount of tax shown on an original return (or amended return, if filed on or before the extended due date of the original return) and the correct amount of tax.

In the case of taxpayers that are required or authorized to be included in a combined report, the \$1 million/20 percent threshold applies to the aggregate amount of tax liability for all taxpayers that are required or authorized to be included in the combined report.

A corporation may not protest or appeal the imposition of the LCUP, and the LCUP is imposed in addition to any other applicable penalty.

Exceptions to the LCUP provide that it does not apply to any understatement of tax that is attributable to:

- A change in law, a regulation, a legal ruling of counsel, or a published federal or California court decision that occurs after the earlier of either the date the taxpayer files the return for the taxable year for which the change is operative or the extended due date for the return of the taxpayer for the taxable year for which the change is operative; or
- A taxpayer's reasonable reliance on written advice of the FTB, but only if such advice was a legal ruling by the Chief Counsel (within the meaning of the Taxpayers' Bill of Rights).

A credit or refund for any amounts paid to satisfy the penalty may be allowed only on the grounds that the amount of the penalty was not properly computed by the FTB.

### **THIS PROVISION**

This provision would provide additional exceptions to the LCUP for the following:

1. An increase to tax from a proper IRC section 338 election as reported on the first amended return; and
2. An understatement attributable to either of the following:
  - a. The FTB's imposition of an alternative apportionment or allocation method under the authority of R&TC section 25137 to prevent distortion in the allocation and apportionment of income to California; or
  - b. A change to the taxpayer's federal method of accounting, but only to the extent of understatements for taxable years where the due date of the return, without regard to any extension of time for filing the return, is before the date the Secretary of the Treasury consents to that change.

### **OTHER STATES' INFORMATION**

The states surveyed include *Florida, Illinois, Massachusetts, Michigan, Minnesota, and New York*. These states were selected due to their similarities to California's economy, business entity types, and tax laws. A review of these states' laws found that none have a penalty similar to the LCUP.

### **FISCAL IMPACT**

Implementing this provision would not significantly impact the department's costs.

**ECONOMIC IMPACT**

**Revenue Estimate**

Estimated Revenue Impact of AB 154 - Provision 3 Assumed Enactment After June 30, 2015		
2015-16	2016-17	2017-18
- \$200,000	- \$200,000	- \$200,000

This estimate does not account for changes in employment, personal income, or gross state product that could result from this bill.

**Revenue Discussion**

This estimate represents the minimum penalty loss per occurrence. It is anticipated that the occurrence of this provision’s exceptions to the LCUP would be rare, but when they do occur the estimated revenue impact would range from losses of \$200,000 to \$1 million per occurrence.

**APPOINTMENTS**

None.

**SUPPORT/OPPOSITION<sup>3</sup>**

Support: California Asian Chamber of Commerce, California Bankers Association, California Chamber of Commerce, California Manufacturers and Technology Association, California Society of Enrolled Agents, California Taxpayers Association, Computing Technology Industry Association, Hewlett Packard Company, National Federation of Independent Business, and Spidell Publishing, Inc.

Opposition: None provided.

**VOTES**

	Date	Yes	No
Concurrence	09/02/15	75	0
Senate Floor	08/31/15	39	0
Assembly Floor	06/03/15	75	0

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<sup>3</sup> From the Senate Governance and Finance bill analysis dated July 6, 2015.

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