

# SUMMARY ANALYSIS OF AMENDED BILL

Author: Gipson Analyst: Jessica Deitchman Bill Number: AB 2055  
 Related Bills: See Prior Analysis Telephone: 845-6310 Amended Date: April 26, 2016  
 Attorney: Bruce Langston Sponsor \_\_\_\_\_

**SUBJECT:** CA Competes Credit/Qualified Sustainable Freight Investments

## SUMMARY

This bill would, under the Personal Income Tax Law (PITL) and Corporation Tax Law (CTL), modify the allocation of the California Competes Tax Credit.

This analysis only addresses the provisions of the bill that impact the department’s programs and operations.

## RECOMMENDATION

No position.

## SUMMARY OF AMENDMENTS

The April 26, 2016, amendments made changes to the definitions provided in the bill. Except for the “This Bill” section, the department’s analysis of the bill as introduced February 17, 2016, still applies. The “Implementation Considerations” section is restated for convenience.

## THIS BILL

For allocations made in fiscal years beginning with 2018-19, this bill would require the California Governor’s Office of Business and Economic Development (GO-Biz) to reserve 25 percent of the aggregate amount of California Competes Credit that may be allocated for taxpayers that make qualified sustainable freight investments.

The bill defines the following terms:

- “Qualified sustainable freight investment” means the purchase or installation of zero-emission or near-zero-emission equipment and support infrastructure in a trade corridor.
- “Trade corridor” means a trade corridor that would have been eligible for allocation from the Trade Corridors Improvement Fund, as defined in the Government Code.<sup>1</sup>
- “Zero-emission” and “near-zero-emission” shall have the same definition as in Section 39719.2 of the Health and Safety Code.

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<sup>1</sup> Pursuant to subparagraph (A) of paragraph (1) of subdivision (c) of Section 8879.23 of the Government Code.

The Franchise Tax Board (FTB) would be required to review the books and records of the taxpayer that is allocated the California Competes Credit for qualified sustainable freight investments, to ensure compliance with the terms and agreements of the written agreement and notify GO-Biz of a possible breach of the written agreement by a taxpayer and provide detailed information regarding the basis for that determination.

### **IMPLEMENTATION CONSIDERATIONS**

The bill would add a provision that would require the FTB to examine the books and records of taxpayers allocated the California Competes Credit under the new criteria provided by this bill. This requirement exists under current law. To avoid confusion between taxpayers and the department, it is recommended the bill be amended to remove the duplicative language.

### **LEGISLATIVE STAFF CONTACT**

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