

SUMMARY ANALYSIS OF AMENDED BILL

Author: Roth, et al. Analyst: Diane Deatherage Bill Number: SB 251
 Related Bills: See Prior Analysis Telephone: 845-4783 Amended Dates: August 18, & 20, 2015
 Attorney: Bruce Langston Sponsor _____

SUBJECT:	Disabled Access Expenditures Credit
-----------------	-------------------------------------

SUMMARY

This bill, under the Personal Income Tax Law (PITL) and the Corporation Tax Law (CTL), would create a tax credit for disabled access expenditures.

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

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The August 18, 2015, amendments modified the sunset date and restructured the credit to be in accordance with the federal credit for costs paid for complying with the Americans with Disabilities Act, and resolved the implementation concern and a policy concern.

The August 20, 2015, amendments added a coauthor and modified provisions of the Civil and Government Code that would not impact the department’s programs or operations.

Except for the “Effective/Operative Date,” “This Bill,” “Implementation Considerations,” and “Economic Impact” sections, the remainder of the department’s analysis of the bill as amended June 2, 2015, still applies. The “Fiscal Impact” and “Support/Opposition” sections have been updated and the remaining policy concern has been restated for convenience.

EFFECTIVE/OPERATIVE DATE

This bill would be effective January 1, 2016, and would be specifically operative for taxable years beginning on or after January 1, 2016, and before January 1, 2021. The provision would, by its own terms, be repealed as of December 1, 2021.

THIS BILL

For each taxable year beginning on or after January 1, 2016, and before January 1, 2021, this bill would provide to a taxpayer a credit under the PITL and CTL for the amount paid or incurred for eligible access expenditures in excess of \$250.

Board Position:	Legislative Director	Date
_____ S _____ NA _____ X _____ NP	Gail Hall	8/27/15
_____ SA _____ O _____ NAR		
_____ N _____ OUA _____		

The credit would be allowed in accordance with Section 44 of the Internal Revenue Code modified as to the amount of the credit to be an amount equal to 10 percent of the difference between the total eligible access expenditures paid or incurred by a taxpayer in excess of \$250 that do not exceed \$10,250.

The credit could be claimed only on a timely filed original return.

Any unused portion of the credit may be carried over for five taxable years.

The Franchise Tax Board may prescribe rules, guidelines, or procedures necessary or appropriate to carry out the purposes of this credit. The rules, guidelines, and procedures established would be exempt from the regulatory requirements of the Administrative Procedures Act.¹

The bill would remain in effect until December 1, 2021, and as of that date would be repealed.

IMPLEMENTATION CONSIDERATIONS

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

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of SB 251 As Amended August 20, 2015 Assumed Enactment by September 30, 2015		
2015-16	2016-17	2017-18
- \$250,000	- \$450,000	- \$500,000

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

¹ Government Code section 11340 et seq.

Revenue Discussion

This revenue estimate is based on a proration of the Joint Committee on Taxation (JCT) federal tax expenditure estimate for Disabled Access Credit for Eligible Small Businesses. In August 2014, the JCT estimated the federal revenue impact of the credit to be \$300 million for federal fiscal years 2014 through 2018. The equivalent loss to California is estimated to be \$12 million.

To determine California's share of the \$300 million federal loss, federally reported data was utilized to calculate that 12 percent of this amount was from California. A 32 percent adjustment was then applied to account for the difference between the federal and state tax rates. These values were combined. Lastly, a 20 percent adjustment was applied to the combined value to account for the difference between the 50 percent federal credit and the 10 percent state credit.

The tax year estimates are converted to fiscal year estimates, and then rounded to arrive at the estimates shown in the table above.

SUPPORT/OPPOSITION²

Support: Consumer Attorneys of California (Co-Sponsor); Apartment Association, California Southern Cities; Apartment Association of Orange County; Associated Builders and Contractors of California; CalAsian Chamber of Commerce; California Chamber of Commerce; California Ambulance Association; California Association of Bed and Breakfast Inns; California Business Properties Association; California Citizens Against Lawsuit Abuse; California Grocers Association; California Hotel and Lodging Association; California Manufacturers and Technology Association; California Retailers Association; Camarillo Chamber of Commerce; Chamber of Commerce Alliance of Ventura and Santa Barbara Counties; Chamber of Commerce Mountain View; Civil Justice Association of California; Culver City Chamber of Commerce; East Bay Rental Housing Association; Fairfield-Suisun Chamber of Commerce; Family Business Association; Fullerton Chamber of Commerce; Greater Bakersfield Chamber of Commerce; Greater Fresno Area Chamber of Commerce; Greater Riverside Chamber of Commerce; Greater San Francisco Valley Chamber of Commerce; National Association of Theater Owners of California/Nevada; National Federation of Independent Business; NorCal Rental Housing Association; North Lake Tahoe Chamber of Commerce; North Valley Property Owners Association; Orange County Business Council; Oxnard Chamber of Commerce; Rancho Cordova Chamber of Commerce; Redondo Beach Chamber of Commerce and Visitors Bureau; San Jose Silicon Valley Chamber of Commerce; Santa Ana Chamber of Commerce; Santa Maria Valley Chamber of Commerce Visitor and Convention Bureau; Simi Valley Chamber of Commerce and Visitors Bureau; South Bay Association of Chamber of Commerce; South Lake Tahoe Chamber of Commerce; Southwest California Legislative Council; State of California Auto Dismantlers Association; and Torrance Area Chamber of Commerce.

² From Assembly Revenue and Taxation Committee analysis, dated July 15, 2015.

Opposition: None on file.

POLICY CONCERNS

The credit would be allowed for eligible access expenditures paid or incurred either inside or outside California.

LEGISLATIVE STAFF CONTACT

Diane Deatherage
Legislative Analyst, FTB
(916) 845-4783
diane.deatherage@ftb.ca.gov

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

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