

LEGISLATION PRESENTED FOR BOARD POSITION
September 5, 2007

Bill Number	Author	Page	Staff Recommendation	Bill Subject
AB 62 As Amended July 20, 2007	Nava	1	Neutral	Disaster Loss Treatment For 2006 Ventura County Wildfires and 2007 El Dorado County Wildfires
AB 680 As Amended June 26, 2007	Wolk	1	Neutral	Extend the Repeal Date and Increase The Aggregate Amount For The Rice Straw Tax Credit
AB 1168 As Amended August 1, 2007	Jones	2	Neutral	Redact First Five Digits Of Social Security Numbers On Public Documents
SB 105 As Amended June 20, 2007	Migden	3	Neutral	Technical Clean Up For Registered Domestic Partner (RDP) Tax Treatment

**AB 62 (Nava) As Amended July 20, 2007
Disaster Loss Treatment for 2006 Ventura County Wildfires
And 2007 El Dorado County Wildfires**

This bill would add the wildfires that occurred in Ventura County in 2006 and in El Dorado County in June, 2007, to the current list of specified disasters under the Personal Income Tax Law and the Corporation Tax Law.

Specifically, this bill would allow a taxpayer to elect to claim the loss either in the year the loss occurred or in the year preceding the loss. If a taxpayer elects to take the loss in the preceding year, this bill would allow the taxpayer to file an amended return immediately for the prior year.

This bill would be effective and operative January 1, 2007.

Revenue Impact:

Disaster Relief	2005-06	2006-07	2007-08	2008-09	Cumulative Impact
Ventura County	Loss < 150,000	Gain < \$150,000	Gain < \$150,000	None	Loss < \$150,000
El Dorado County	None	Loss < \$1M	Gain < \$250,000	Gain < \$250,000	Loss < \$500,000

Staff Recommendation: Neutral

Status: Senate Committee on Appropriations

**AB 680 (Wolk) As Amended June 26, 2007
Extend The Repeal Date And Increase The Aggregate Amount
For The Rice Straw Tax Credit**

This bill would extend the repeal date for the Rice Straw Tax Credit from 2008 to 2013. This bill would also increase the annual aggregate credit limit from \$400,000 to \$1,000,000.

Current law allows a tax credit in an amount equal to \$15 per ton for taxpayers that purchase California-grown rice straw and use the rice straw for some purpose other than burning.

Aggregate credit allocations are currently limited to \$400,000 per year and are "first-come, first-served." There is currently a waiting list for taxpayers eligible for a credit allocation.

Revenue Impact:

2006-07	2007-08	2008-09
Loss < \$500,000	Loss < \$500,000	Loss < \$500,000

The revenue impact of this bill would be due to the increase in aggregate credit allocations resulting in more taxpayers claiming the credit. Historical data shows only 60% of allocated credits are utilized in any given year, thus revenue loss would be less than the full amount of the increased allocation.

Staff Recommendation: Neutral

Status: Senate Revenue & Taxation committee

AB 1168 (Jones) As Amended August 1, 2007
Redact First Five Digits Of Social Security Numbers On Public Documents

This bill would make changes to the way state, county, and all local levels of government make documents available to the public that contain a Social Security Number (SSN).

As it impacts the department, this bill would require FTB to truncate SSNs by redacting the first five digits of the SSN. The SSN would be redacted on any record created by FTB that is disclosable under the Public Records Act and expressly includes tax liens. Additionally, this bill would allow Secretary of State (SOS) to refuse to file any document that contains any part of an SSN.

This bill would be effective on January 1, 2008, and would be operative for tax liens and other disclosable records created on or after that date.

Revenue Impact:

2007-08	2008-09	2009-10
Loss < \$500,000	Loss < \$500,000	Loss < \$500,000

The revenue impact of this bill is a result of the provision that would require any part of the SSN to be removed from tax liens filed with SOS, which could impair the public's ability to identify the appropriate lien obligor. Accordingly, amounts collected by FTB through those liens could be reduced.

Staff Recommendations: Neutral

Status: Senate Committee on Appropriations

SB 105 (Migden) As Amended June 20, 2007
Technical Clean Up For Registered Domestic Partner (RDP) Tax Treatment

This bill would make the following changes:

- Add exceptions to the general rule that an RDP¹ is treated like a spouse² for personal income tax and corporation tax purposes that would prevent the following:
 - The inadvertent disqualification of a federally qualified deferred compensation plan,
 - The creation of a California only tax favored account,
 - The inadvertent disqualification of S corporation status under federal law.
- Revise the rule in current law with respect to how RDPs calculate joint federal adjusted gross income (AGI) for state purposes to be consistent with the calculation of joint federal AGI for married persons.
- Add a provision that prevents RDPs from being assessed an underpayment of estimated tax penalty for the 2007 taxable year to the extent an underpayment of tax was caused by the provisions of this bill and/or SB 1827 (Stats. 2006, Ch. 802).

As a tax levy, this bill would be effective immediately and apply to taxable years beginning on or after January 1, 2007.

Revenue Impact: SB 105 would have no impact on state income tax revenue.

Staff Recommendation: Neutral

Status: Assembly Revenue & Taxation Committee

¹ Also a former RDP.

² Also former spouse.