

LEGISLATIVE UPDATE

September 17, 2003

BILLS FOR REPORT

No.	Bill No.	Author	Comments
FRANCHISE TAX BOARD SPONSORED LEGISLATION			
1	AB 1740	Assembly Rev. & Tax Committee	<ul style="list-style-type: none">• Corrects drafting error in the child & dependent care credit law for nonresidents & part-year residents.• Technical clean-up to AB 1115 (Stats. 2001, Ch. 920).• Resolves potential federal constitutional issue--alimony deduction for nonresidents.
2	AB 1742	Assembly Rev. & Tax Committee	<ul style="list-style-type: none">• Technical clean-up to Golden State Scholarshare Trust.• Simplifies interest computation on erroneous refunds.• Clarifies FTB's authority to use new-hire registry when collecting on non-tax debts administered by FTB.
3	AB 1743	Assembly Rev. & Tax Committee	Technical clean-up bill
4	SB 1061	Senate Rev. & Tax Committee	<ul style="list-style-type: none">• Defines "taxable year" for franchise tax purposes.• Reforms water's-edge election procedures.
5	SB 1065	Senate Rev. & Tax Committee	Mandates that federal tax elections made by a person prior to becoming a California taxpayer apply for California purposes.
MISCELLANEOUS			
6	AB 1756 & AB 1742	Assembly Budget Committee	Requires tax practitioners that prepare more than 100 individual income tax returns a year to e-file all individual returns with FTB. (Applies to 2003 returns filed in 2004.)

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BILLS FOR POSITION

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TAX SHELTERS			
7	AB 1601 SB 614	Frommer Cedillo	<ul style="list-style-type: none">• Create a regime of penalties & reporting requirements for investors, promoters, tax advisors, & tax preparers involved in abusive tax shelters.• Provide for a voluntary compliance initiative.• Extend the statute of limitations for taxpayers involved in abusive tax shelters from four to eight years.• Impose interest on deficiencies mailed to taxpayers with taxable income greater than \$200,000 & involved in an abusive tax shelter.
EXPATRIATE CORPORATIONS			
8	SB 640	Burton	Prohibits the state from entering into contracts with expatriate corporations.
9	SB 1067	Speier	Treats an expatriate corporation as a domestic corporation if it makes a water's-edge election.
MISCELLANEOUS			
10	SB 1009	Alpert	Requires FTB to collect certain use taxes beginning with the 2003 tax returns filed in 2004.
11	SB 25	Bowen	Limits the use of social security numbers as personal identifying numbers for FTB beginning on or after 1/1/07.
12	SB 448	Poochigian	Requires FTB to include a voter registration card with the personal income tax forms mailed after 1/1/04.