

ANALYSIS OF AMENDED BILL

Author: Ting Analyst: Janet Jennings Bill Number: AB 1007
Related Bills: See Legislative History Telephone: 845-3495 Amended Date: March 21, 2017
Attorney: Bruce Langston Sponsor: _____

SUBJECT: FTB Report Recurrent Noncompliance/Change Due Date to December 31 of Each Year

SUMMARY

This bill would change the due date of the Franchise Tax Board's (FTB's) annual report to the legislature on areas of recurrent taxpayer noncompliance.

RECOMMENDATION – NO POSITION

Summary of Amendments

The March 21, 2017, amendments removed the bill's provision that would have made a nonsubstantive technical change to the Revenue and Taxation Code (R&TC) and replaced it with the provision discussed in this analysis.

This is the department's first analysis of the bill.

REASON FOR THE BILL

The reason for the bill is to allow the FTB additional time to prepare a complete and accurate report.

EFFECTIVE/OPERATIVE DATE

This bill would become effective January 1, 2018, and operative for reports issued on or after that date.

STATE LAW

The Katz-Harris Taxpayers' Bill of Rights Act, among other things, requires the FTB to annually perform a systematic identification of areas of recurrent taxpayer noncompliance and report its findings to the Legislature on December 1 of each year. Included in the report are recommendations for improving taxpayer compliance and a summary of cases where penalty, interest, and fee relief was granted as part of the Taxpayers' Rights Advocate relief program.¹

¹ Pursuant to R&TC section 21004.

This report is referred to as the Taxpayer Bill of Rights Annual Report (annual report) to the Legislature.

THIS BILL

This bill would change the due date for the annual report from December 1 to December 31 of each year.

IMPLEMENTATION CONSIDERATIONS

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

LEGISLATIVE HISTORY

AB 1345 (Ridley-Thomas, 2017/2018) is substantially similar to this bill. AB 1345 is in the Assembly Revenue and Taxation Committee.

AB 1801 (Ting, 2015/2016) was substantially similar to this bill. AB 1801 failed passage from the Assembly Revenue and Taxation Committee.

OTHER STATES' INFORMATION

Because this bill changes the date that the annual report required under the Katz-Harris Taxpayers' Bill of Rights Act is due to the Legislature, a review of other states' tax information would not be relevant.

FISCAL IMPACT

This bill would not impact department costs.

ECONOMIC IMPACT

This bill would not impact state tax revenues.

SUPPORT/OPPOSITION

Support: None on file.

Opposition: None on file.

ARGUMENTS

Proponents: Some would argue that extending the annual report's due date by 30 days would allow for a more accurate report.

Opponents: Some could argue that an additional 30 days may be inadequate to significantly impact the annual report's accuracy.

LEGISLATIVE STAFF CONTACT

Janet Jennings
Legislative Analyst, FTB
(916) 845-3495
janet.jennings@ftb.ca.gov

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

Diane Deatherage
Legislative Director, FTB
(916) 845-6333
diane.deatherage@ftb.ca.gov