

BILL ANALYSIS

Department, Board, Or Commission	Author	Bill Number
Franchise Tax Board	Assembly Committee on Revenue & Taxation	AB1720

SUBJECT: Electronic Communication—Extend Repeal Date to January 1, 2025

SUMMARY

The bill would allow taxpayers the choice to electronically communicate with the Franchise Tax Board (FTB) until January 1, 2025.

REASON FOR THE BILL

The reason for the bill is to extend the sunset provision from January 1, 2018, to January 1, 2025.

EFFECTIVE/OPERATIVE DATE

The bill would be effective January 1, 2018, and extend the repeal date for alternative electronic communications between taxpayers and the FTB, as specified, from January 1, 2018, to January 1, 2025.

STATE LAW

Current state law allows the FTB to adopt regulations to implement an alternative communication method that would allow the FTB to provide notification to the taxpayer (or their representative) in a preferred electronic communication method designated by the taxpayer.¹ The electronic notification would advise the taxpayer that a notice, statement, bill, or other communication is available for viewing in the taxpayer's secure folder on the FTB's Internet Web site. The current law also allows the FTB to promulgate regulations to allow the taxpayer to file a protest, notification, and other communication through the taxpayer's secure folder on the FTB's Internet Web site.

To coincide with the introduction of MyFTB, the FTB's secure taxpayer access online portal, the regulation to implement the electronic notification process became effective on January 1, 2016.

Current state law repeals the alternative communication method on January 1, 2018.

¹ CA Revenue and Taxation Code section 18416.5.

THIS BILL

This bill would continue the option for taxpayers to select an alternative electronic communication method with the FTB, by extending the repeal date from January 1, 2018, to January 1, 2025.

LEGISLATIVE HISTORY

AB 2177 (Beall, Chapter 136, Statutes of 2010) allowed taxpayers and the FTB to communicate electronically.

OTHER STATES' INFORMATION

A review of websites for the Department of Revenue for the states of *Florida, Illinois, Massachusetts, Michigan, Minnesota, and New York* revealed that while each of these states have electronic filing and payment options available for taxpayers, none use an electronic communication option to service their taxpayers income tax needs. These states were chosen due to the similarity to California's tax laws and economy.

FISCAL IMPACT

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

ECONOMIC IMPACT

This bill would not impact state income tax revenue. Taxpayers that prefer electronic communication are not expected to remit tax payments any earlier.

APPOINTMENTS

None.

SUPPORT/OPPOSITION

Support: None on file.

Opposition: None on file.

VOTES

	Date	Yes	No
Senate Floor	07/20/17	38	0
Assembly Floor	5/11/17	77	0

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