

ANALYSIS OF AMENDED BILL

Author: Pan Analyst: Janet Jennings Bill Number: SB 18
Related Bills: None Telephone: 845-3495 Amended Date: April 3, 2017
Attorney: Bruce Langston Sponsor: _____

SUBJECT: Committee in Consultation with FTB Develop Framework for CA's Promise to its Children

SUMMARY

This bill would, among other items, create a Joint Legislative Committee on Children and Youth (Committee) and require the Committee to consult with the Franchise Tax Board (FTB), and other entities to identify and propose comprehensive tax reform solutions.

RECOMMENDATION – NO POSITION

Summary of Amendments

The April 3, 2017, amendments removed provisions related to intent and replaced them with the provisions discussed in this analysis. This analysis only addresses the provisions of the bill that impact the department's programs and operations.

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

REASON FOR THE BILL

The reason for the bill is to increase revenue predictability and to ensure sufficiency of revenues adequate to meet the needs of California's children and youth.

EFFECTIVE/OPERATIVE DATE

This bill would be effective on January 1, 2018, and operative as of that date.

FEDERAL/STATE LAW

A review of federal and state laws found no statutes mandating tax reform solutions as would be required by this bill.

THIS BILL

This bill would create the Committee and among other things, require the Committee to develop:

- "California's Promise to its Children and Youth," a framework for the care and welfare of the state's children and youth in various contexts.

- In consultation with experts and organizations as specified, including the FTB, to identify and propose to the Legislature and, if necessary, to the voters of California by November 30, 2020, comprehensive tax reform solutions to increase revenue predictably and ensure sufficiency of revenues adequate to support the Committee's framework "California's Promise to its Children and Youth.

IMPLEMENTATION CONSIDERATIONS

The FTB's scope, roles, and duties must be determined before a complete analysis of this bill's impact to the FTB can be ascertained. As this bill moves through the legislative process, the FTB would need to develop an implementation plan that establishes the scope of the agency's roles and duties.

LEGISLATIVE HISTORY

Research of California legislation found no proposed or enacted legislation similar to this bill's provisions.

PROGRAM BACKGROUND

There have been two recent governmental reports on California tax reform:

California State Controller Betty T. Yee, and the Controller's Council of Economic Advisors on Tax Reform, issued a report on Comprehensive Tax Reform in California A Contextual Framework:

[https://www.sco.ca.gov/Files-EO/Comprehensive Tax Reform in California A Contextual Framework 06 16.pdf](https://www.sco.ca.gov/Files-EO/Comprehensive%20Tax%20Reform%20in%20California%20A%20Contextual%20Framework%2006%2016.pdf)¹

EXECUTIVE ORDER S-15-09 by Governor Arnold Schwarzenegger, established the Commission on the 21st Century Economy to develop strategies to improve the state's tax system:

[http://www.cotce.ca.gov/documents/reports/documents/Commission on the 21st Century Economy-Final Report.pdf](http://www.cotce.ca.gov/documents/reports/documents/Commission%20on%20the%2021st%20Century%20Economy-Final%20Report.pdf)²

OTHER STATES' INFORMATION

As this bill is specific to a report on comprehensive tax reform solutions specific to California, a review of other state tax laws would not be relevant.

¹ As available April 20, 2017.

² As available April 20, 2017.

FISCAL IMPACT

The costs to implement this bill, although unknown at this time, would be dependent on the staff resources needed by the committee to draft the tax reform measures required by this bill. As this bill moves through the legislative process, the FTB can develop an implementation plan, and costs to implement this bill will be identified.

ECONOMIC IMPACT

This bill as amended on April 3, 2017, would not impact state income or franchise tax revenue.

SUPPORT/OPPOSITION

Support: None on file.

Opposition: None on file.

ARGUMENTS

Proponents: Some may argue that a comprehensive legislative study on state tax reform is timely given changes in the state and federal environments.

Opponents: Some may argue that the cost of an additional study on state tax reform is unlikely to outweigh the benefits of such a study.

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