

## Franchise Tax Board

## ANALYSIS OF ORIGINAL BILL

Author: Wilk, et al. Analyst: Janet Jennings Bill Number: SB 259  
Related Bills: See Legislative History Telephone: 845-3495 Introduced Date: February 8, 2017  
Attorney: Bruce Langston Sponsor: \_\_\_\_\_

**SUBJECT:** FTB Shall Include Signed Statement by Executive Officer When Submitting Reports to the Legislature or State Legislative Body/State Agencies

### SUMMARY

This bill would modify the information required in legislatively mandated reports.

**RECOMMENDATION - NO POSITION.**

### REASON FOR THE BILL

The reason for this bill is to ensure that the Legislature receives accurate and trustworthy information from the various state agencies, departments, and boards.

### EFFECTIVE/OPERATIVE DATE

The bill would be effective January 1, 2018, and operative for reports required to be submitted to the Legislature on or after that date.

### STATE LAW

Under current state law, the Franchise Tax Board (FTB) is required to make available or submit to the Legislature the following reports:

- Annual Taxpayers' Bill of Rights
- Audit and Compliance Activities
- State Leadership Accountability Act
- Enterprise Data to Revenue Project
- IT Contracts and Software License Agreements
- Summary of Federal Income Tax Changes
- New Employment Credit
- Governor's Economic Development Initiative - California Competes Credit
- California Earned Income Tax Credit

### THIS BILL

This bill would require the head of any state agency or department that is required to submit a written report, as defined, to the Legislature, a Member of the Legislature, or any state legislative or executive body, to sign a statement that to the best of his or her knowledge the information in the report is accurate, true, and correct. This bill specifies that the Executive Officer of the FTB would be required to sign this statement.

The requirements provided by this bill would be applicable to every state agency or department, including elected officials of state government and any state official whose duties are prescribed by the California Constitution.

The bill would define a written report to be one of the following:

- A document required by statute to be prepared and submitted to the Legislature or any state legislative or executive body, or
- A document, summary, or statement requested by a Member of the Legislature.

The bill would provide that the declaration attesting to the truth, accuracy, and completeness in the signed statement would not apply to any forecasts, predictions, recommendations, or opinions contained in the written report.

This bill would add a civil penalty not to exceed twenty thousand dollars (\$20,000) for any person who declares true any material matter that he or she knows to be false. The Attorney General would bring the civil action in the name of the people of the State of California.

### **IMPLEMENTATION CONSIDERATIONS**

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

### **LEGISLATIVE HISTORY**

AB 1566 (Wilk, 2015/2016) contained substantially similar language as this bill. AB 1566 failed to pass out of the Committee on Accountability and Administrative Review.

SB 1337 (DeSaulnier, Vetoed, 2014) contained substantially similar language as AB 1566. The Governor's veto message stated, in part, that the bill created new bureaucratic verification requirements that would likely impede communication between the Executive Branch and the Legislature.

AB 1585 (Committee on Accountability and Administrative Review, Chapter 7, Statutes of 2010) required all state agencies, including the FTB, to provide a summary of any required report to each member of the house or houses of the Legislature, as appropriate.

AB 1993 (Strickland, 2009/2010) would have required the head of certain public entities to certify, in a signed statement, that the information in legislatively mandated reports is true, accurate, and complete to the best of his or her knowledge. AB 1993 failed to pass out of the Senate.

### **OTHER STATES' INFORMATION**

Since this bill adds requirements for reports to the Legislature, a Member of the Legislature, or any state legislative or executive body, a comparison to other states would not be relevant.

### **FISCAL IMPACT**

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

## **ECONOMIC IMPACT**

This bill would not impact the state's income tax revenue.

## **SUPPORT/OPPOSITION**

Support: None on file.

Opposition: None on file.

## **ARGUMENTS**

Proponents: Some could argue that the possibility of the imposition of a penalty could enhance the accuracy of written reports subject to the provisions of this bill.

Opponents: Some could argue that the potential imposition of a penalty may have no effect on the accuracy of written reports submitted to the Legislature, a Member of the Legislature, or any state legislative or executive body.

## **LEGISLATIVE STAFF CONTACT**

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