



Analysis of Amended Bill

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Sponsor:

Bill Number: AB 1270

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Amended: August 13, 2019

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Related Bills: See Legislative
History

Subject: Expand False Claims Act to Include Tax Matters

Summary

This bill would, under the Government Code, expand the False Claims Act to apply to claims, records, or statements made under the Revenue and Taxation Code (R&TC), if specified conditions are met on or after January 1, 2020.

Recommendation – No position.

Summary of Amendments

The August 13, 2019, amendments changed the minimum dollar threshold that must be met and clarified the operative date for the False Claim Act to apply to claims, records, or statements made under the R&TC.

As a result of the amendments, the “This Bill” section in the department’s analysis of the bill as amended June 24, 2019, has been revised. The remainder of that analysis still applies. The “Fiscal Impact” and “Economic Impact” sections have been restated for convenience.

This Bill

On or after January 1, 2020, this bill would apply the False Claims Act to claims, records, or statements made under the R&TC if both of the following conditions are met:

- The taxable income of the person, other than a corporation, or the gross receipts, less returns and allowances, of any corporation or other person other than an individual, equals or exceeds \$500,000 for any taxable year subject to any action brought pursuant to this article.
- Damages pleaded in an action under the act exceed \$200,000.

The Attorney General or prosecuting authority would be required to consult with the taxing authorities to whom the claim was submitted prior to filing or intervening in any action under the act that is based on the filing of false claims, records, or statements made under the R&TC. The Attorney General or prosecuting authority, but not the qui tam plaintiff, would be authorized to obtain otherwise confidential records, relating to taxes, fees, surcharges, or other obligations under the R&TC, needed to investigate or prosecute suspected violations, from state and local taxing and other governmental authorities, and, likewise, those authorities are authorized to make disclosures.

However, the disclosures allowed to be made to the Attorney General or prosecuting authority do not include federal tax information without specific authorization from the Internal Revenue Service to allow the release of information. Information received by the Attorney General or prosecuting authority would remain confidential except as necessary to investigate and prosecute violations.

The changes made by this bill state that the False Claims Act will not apply to any claims, records, or statements made under the Revenue and Taxation Code before January 1, 2020.

Fiscal Impact

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

Economic Impact

Revenue Estimate

Although the provisions of AB 1270 as amended August 13, 2019, could provide additional collection resources and may result in an impact on the general fund, the provisions do not change the computation of franchise or income tax under current law, and therefore, does not fall within the scope of FTB's revenue estimates.

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