



Bill Analysis

Author: Roth	Sponsor:	Bill Number: SB 1413
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Attorney: Shane Hofeling	Related Bills: See Legislative History	

SUBJECT

Franchise Tax Board (FTB) may Disclose Occupational Data to the Employment Development Department (EDD) Upon Request

SUMMARY

This bill would, under the Administration of Franchise and Income Tax Laws (AFITL), allow the FTB, upon request, to disclose any self-reported occupational data to the EDD.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

Not applicable.

REASON FOR THE BILL

The reason for the bill is to allow the EDD to obtain information to enable them to supplement any quarterly wage data provided to specified entities for the purpose of evaluation and reporting under specified local, state, and federal laws.

ANALYSIS

Under the AFITL, this bill would allow the FTB, upon request, to disclose in an anonymized manner to the EDD, any occupational data that may be self-reported by a taxpayer on a return required by the Personal Income Tax Law, subject to any limitations of federal law that is received by the FTB.

This bill specifies information obtained must only be used or disclosed to enable the EDD to supplement any quarterly wage data provided to specified entities for purposes of evaluating and reporting on their respective programs' performance outcomes as required and permitted by various local, state, and federal laws pertaining to performance measurement and program evaluation.

Effective/Operative Date

Assuming enactment by September 30, 2020, this bill would become effective and operative January 1, 2021.

Federal/State Law

Federal Law

Current federal law provides that returns and tax information are confidential and may not be disclosed to federal or state agencies or employees except for authorized purposes. Agencies allowed access to federal return information include certain federal and state agencies, such as the FTB. A federal return is defined as any tax return, information return, declaration of estimated tax, or claim for refund under the Internal Revenue Code. Any FTB employee or member responsible for the improper disclosure of federal tax information is subject to felony criminal prosecution.

State Law

Current state law prohibits the disclosure of any taxpayer information except as specifically authorized by statute. California law permits the FTB to release individual tax return information to specific state agencies. Agencies must have a specific reason for requesting the information, including investigating items of income disclosed on any return or report, verifying eligibility for public assistance, locating absent parents to collect child support, or locating abducted children. For some agencies, only limited information may be released, such as the taxpayer's social security number and address.

Current state law provides that the FTB may respond to requests from local taxing agencies to furnish information on a specific taxpayer. The request must be in the form of an affidavit signed under penalty of perjury stating that the purpose of the request relates to an investigation of the tax specified in the request and that the information will be used in the ordinary performance of the applicant's duties.

Implementation Considerations

The department has identified the following implementation concerns. Department staff is available to work with the author's office to resolve these and other concerns that may be identified.

This bill uses terms that are undefined, i.e., "anonymized," and "occupational data that may be self-reported." The absence of definitions to clarify these terms could complicate the administration of this bill. For clarity and ease of administration, it is recommended that the bill be amended.

Technical Considerations

None noted.

Policy Concerns

None noted.

LEGISLATIVE HISTORY

AB 2016 (Calderon, 2019/2020) would allow taxpayers to authorize the FTB to share specified tax return information with the California Student Aid Commission and require the Commission to provide participating taxpayers with financial aid estimates for postsecondary education. AB 2016 is currently referred to the Assembly Revenue and Taxation Committee.

AB 1335 (Calderon, 2019/2020), substantially similar to AB 2016, would have allowed taxpayers to authorize the FTB to share tax return information with the California Student Aid Commission. AB 1335 failed passage out of the Assembly by the constitutional deadline.

SB 85 (Committee on Budget and Fiscal Review, Chapter 23, statutes of 2017) requires, under the Government Code, the FTB to provide tax return information to the Scholarshare Investment Board upon request.

PROGRAM BACKGROUND

None noted.

FISCAL IMPACT

The department's costs to implement this bill have yet to be determined. As the bill moves through the legislative process, costs will be identified.

ECONOMIC IMPACT

Revenue Estimate

This bill as introduced February 21, 2020, would not impact state income or franchise tax revenue.

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

LEGAL IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

To be determined.

ARGUMENTS

To be determined.

LEGISLATIVE STAFF CONTACT

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