



Bill Analysis

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Bill Number: AB 466

SUBJECT

State Controller's Office (SCO) Unclaimed Property Data Sharing

SUMMARY

Under the Revenue and Taxation Code (RTC), this bill would allow the Franchise Tax Board (FTB) to provide additional information from Business Entity (BE) returns to SCO related to unclaimed property.

REASON FOR THE BILL

The reason for this bill is to help SCO increase awareness of and compliance with the Unclaimed Property Law.

ANALYSIS

This bill would under the RTC, allow the FTB to provide to the SCO, on an annual basis, additional information from certain BE income tax returns. The additional information would include:

- The taxpayer's entity status and the date that the FTB last updated the taxpayer's entity status.
- The taxpayer's revenue range.
- Whether the taxpayer previously filed an unclaimed property report with the Controller, and if applicable, both of the following:
 1. The date filed of the taxpayer's last report.
 2. The amount remitted on the taxpayer's last report.

This bill defines the following terms:

"Income" means net income as reported on Forms 100, 100S, and 100W, ordinary income as reported on Form 565, total income as reported on Form 568, or total gross receipts as reported on Form 199.

"Revenue range" is a range of income amounts determined by the FTB.

"Unclaimed property" has the same meaning as defined in Section 1300 of the Code of Civil Procedure.

“Unclaimed property report” means the report and remittance required to be filed by reporters of unclaimed property.

Effective/Operative Date

This bill would become effective and operative January 1, 2022.

Federal/State Law

Federal Law

No provision comparable in federal law.

State Law

Currently, the FTB has statutory authority to disclose specific taxpayer information to the SCO in order to locate owners of unclaimed property (RTC section 19554). The information that FTB can disclose is limited to the taxpayer's name, address, identification number, and principal business activity code.

The FTB provides to the SCO, on an annual basis, a list of all business entity taxpayers that incorporated or began conducting business at least three years ago and have filed a return.

Implementation Considerations

None noted.

Technical Considerations

None noted.

LEGISLATIVE HISTORY

Research of California legislative history found no legislation similar to the provisions of this bill.

PROGRAM BACKGROUND

In the Budget Act of 2019 (SB 109), the Joint Legislative Budget Committee (JLBC) tasked the FTB with researching the feasibility of providing a “check box” question regarding unclaimed property on BE returns. FTB worked in conjunction with the SCO to identify the questions to include on BE returns (FTB forms 100, 100 S, 100 W, 565, and 568) that could increase awareness of, and compliance with, the unclaimed property reporting requirements.

The questions identified are:

1. Has this business entity previously filed an unclaimed property Holder Remit Report with the State Controller's Office? [Yes/No]
2. If "Yes," when was the last report filed? _____
3. What was the amount last remitted? \$_____

Current business entities that are holders of unclaimed property are required to report and remit unclaimed property to the SCO when there has been no activity or contact with the owner for a period of time (generally three years). As noted in the JLBC summary, the trend in compliance with the Unclaimed Property Law is declining among holders. The JLBC is seeking ways to increase compliance among business entities.

FISCAL IMPACT

This bill would require some changes to existing tax forms and instructions and information systems, which could be accomplished during the normal annual update. As a result, this bill would not significantly impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

This bill as introduced February 8, 2021, 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.

SUPPORT/OPPOSITION

Senate Floor analysis dated June 23, 2021, lists the following support and opposition.

Support: State Controller Betty Yee

Opposition: None Noted

VOTES

Location	Date	Yes Votes	No Votes
Senate Floor	June 24, 2021	39	0
Assembly Floor	April 29, 2021	77	0

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