



Bill Analysis

Author: Lackey

Sponsor:

Bill Number: AB 1981

Related Bills: See Legislative
History

Amended: April 1, 2024

SUBJECT

Master Agreements for Statewide Financial Relief Payments

SUMMARY

Under the Government Code (GOV), this bill would require the Franchise Tax Board (FTB), to enter into master agreements with debit card vendors for services provided related to statewide financial relief payments.

RECOMMENDATION

No position—The FTB has not formally voted or taken a position on this bill.

SUMMARY OF AMENDMENTS

The April 1, 2024, amendments removed provisions of the bill related to the Food and Agricultural Code and replaced them with the provisions discussed in this analysis.

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

REASON FOR THE BILL

The reason for this bill is to require the FTB to enter into master agreements for services provided related to statewide financial relief payments.

ANALYSIS

By July 1, 2025, this bill would, under the GOV, require the FTB to enter into master agreements with debit card vendors for services provided related to statewide financial relief payments.

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Each master agreement entered into, would be required to include at least the following:

- Definitions for key performance indicators for required services, including customer service, fraud prevention, and how indicators would be measured.
- Payment provisions which would allow the state to do all of the following:
- Access the reasonableness of the costs to be incurred.
- Mitigate the risk of making advance payments.
- Provide a method to recover or withhold funding in the event of vendor nonperformance, short of terminating the agreement.
- Options for fee-free services, including fee-free debt cards for statewide financial relief payment recipients.

Effective/Operative Date

This bill would be effective and operative January 1, 2025.

Federal/State Law

Federal Law

Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law (PL) 116-136), Consolidated Appropriations Act (CAA), 2021, (PL 116-206), and American Rescue Plan Act (ARPA), (PL 117-2), economic impact payments (EIP) were provided in varying amounts based on an individual's filing status and adjusted gross income in 2019 and 2020.

The EIP were issued to eligible individuals as a direct deposit, check or a prepaid debit card for purposes of economic relief during the COVID-19 pandemic. These prepaid debit cards were available to use in store, by phone, at in-network ATM's or to transfer funds to a personal bank account. These cards were not reloadable not reloadable.

State Law

Under the Welfare and Institutions Code (WIC), the Golden State Stimulus I (GSS I), Golden State Stimulus II (GSS II), and Better for Families Act (also known as MCTR) payments were issued as separate, one-time payments to qualified recipients. Qualified recipients had to meet specified eligibility requirements to receive a payment. The payments were excluded from gross income, exempt from offsets and levies, and garnishment orders.

GSS I and GSS II payments were issued by the Controller by July 15, 2022. However, the Controller could reissue stale, dated, or replacement checks after July 15, 2022. All returned payments are redeposited into the Golden State Stimulus Emergency Fund.

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Any unused money remaining in the Golden State Stimulus Emergency Fund will be transferred to the General Fund by June 1, 2024.

For the MCTR payments, FTB was allowed to contract with a third-party vendor for services related to the distribution of payments. All returned payments are redeposited into the Better for Families Tax Refund Fund. Any unused money remaining in the Better for Families Tax Refund Fund must be transferred to the General Fund by June 1, 2024.

Implementation Considerations

The FTB has identified the following implementation considerations and is available to work with the author's office to resolve these and other considerations that may be identified.

This bill uses the undefined term, "statewide financial relief payment." The absence of definitions could lead to taxpayer confusion. For clarity, the author may wish to amend the bill to define this term.

None noted.

Technical Considerations

None noted.

Policy Considerations

The Department of General Services (DGS) is responsible for providing a variety of services to state agencies, including procurement. Because the DGS serves as the state's business manager, they are responsible for entering into all master service agreements for state agencies to utilize to procure relevant services. FTB is not authorized under State rules and processes to engage in this type of effort. The author should amend the bill requiring DGS to enter into the master agreements.

LEGISLATIVE HISTORY

No legislation similar to this bill has been identified.

PROGRAM BACKGROUND

None noted.

FISCAL IMPACT

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

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ECONOMIC IMPACT

Revenue Estimate

This bill as amended April 1, 2024, would not impact state income or franchise tax revenue.

LEGAL IMPACT

None noted.

EQUITY IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

Support: None on file

Opposition: None on file

ARGUMENTS

Proponents: None on file

Opponents: None on file

LEGISLATIVE CONTACT

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