



Bill Analysis

Author: Assembly Committee
on Revenue and Taxation

Sponsor: The Three-Member
Franchise Tax Board

Bill Number: AB 3287

Introduced: March 19, 2024

Related Bills: See Legislative
History

SUBJECT

Eliminating the Repeal Date for Electronic Communication

SUMMARY

This bill would eliminate the repeal date for the Franchise Tax Board's (FTB's) authorization to, at the request of the taxpayer, send notifications electronically.

RECOMMENDATION

On December 6, 2023, the three-member FTB voted in support of this language and to sponsor this bill.

SUMMARY OF AMENDMENTS

Not applicable.

REASON FOR THE BILL

The reason for this bill is to continue to allow taxpayers the option to designate an electronic method of communication indefinitely.

ANALYSIS

This bill would eliminate the repeal date for FTB to implement an alternative communication method, at the request of a taxpayer or the taxpayer's representative, to provide certain notifications to the taxpayer or their representative in a preferred electronic communication method designated by the taxpayer that a notice, statement, bill, or other communication is available in their taxpayer folder on FTB's internet website. This bill would also eliminate the repeal date for the authorization for a taxpayer or their representative to file a protest, notification, or other communication to FTB in a secure manner.

Introduced March 19, 2024

Effective/Operative Date

If enacted in 2024, the provision would be effective and operative on and after January 1, 2025, to allow this law to continue without interruption.

Federal/State Law

Federal Law

The Internal Revenue Service (IRS) allows a taxpayer to create an online account through which the taxpayer may elect to receive an email when there is a new notice in their online account. In addition, a taxpayer can view their account balances, personal information, payment information, and digital copies of past IRS notices. A taxpayer can also select an electronic payment option, set up an online payment agreement, access tax records, and approve and electronically sign Power of Attorney and Tax Information Authorization requests from their tax professional.

State Law

Current state law (Revenue and Taxation Code section 18416.5) allows the FTB to implement alternative communication methods at the request of a taxpayer or the taxpayer's authorized representative to provide a notice, statement, bill, or other communication via electronic means. This authority expires January 1, 2025.

Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

None noted.

LEGISLATIVE HISTORY

AB 1720 (Assembly Revenue and Taxation Committee, Chapter 177, Statutes of 2017) extended the repeal date to January 1, 2025, and was effective January 1, 2018.

AB 2177 (Beall, Chapter 136, Statutes of 2010) beginning on January 1, 2011, allowed a taxpayer to elect to receive electronic communications from the FTB through January 1, 2018.

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PROGRAM BACKGROUND

Beginning in 2011 California has allowed a taxpayer or their representative to choose to receive certain notifications in an electronic format. This election originally had a repeal date of January 1, 2018. In 2017, this repeal date was extended to January 1, 2025. Approximately 1 million taxpayers have registered for a MyFTB account. Out of those 1 million taxpayers, approximately 50,000 have chosen to receive an electronic notification rather than receiving a notice via US Mail. For fiscal year 2022/2023, approximately 110,000 emails were sent to taxpayers advising them they have a notice available online in their MyFTB account. Taxpayers can also elect to receive a text message notification in addition to or in lieu of receiving an email notification. For fiscal year 2022/2023, approximately 65,000 text messages were sent to taxpayers advising them they have a notice available online in their MyFTB account.

FISCAL IMPACT

This bill would not significantly impact FTB's costs.

ECONOMIC IMPACT

Revenue Estimate

This bill, as introduced on March 19, 2024, would not impact state income or franchise tax revenue.

LEGAL IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

Support

The three-member FTB.

Opposition

To be determined.

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ARGUMENTS

To be determined.

LEGISLATIVE CONTACT

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