



Bill Analysis

Author: Limón

Sponsor:

Bill Number: SB 729

Related Bills: See Legislative
History

Amended: March 26, 2025

SUBJECT

State of Emergency: Nonprofit Liaison

SUMMARY

This bill, under the Government Code (GOV), would require certain state agencies to establish a nonprofit liaison for nonprofit organizations to contact during a state of emergency.

This is the Franchise Tax Board's (FTB) first analysis of the bill and only addresses the provisions that would impact the FTB.

RECOMMENDATION

No position—The three-member Franchise Tax Board has not formally voted or taken a position on this bill.

SUMMARY OF AMENDMENTS

The March 26, 2025, amendments removed nonsubstantive technical language relating to the California Land Conservation Act of 1965 and replaced it with the provisions discussed in this analysis.

REASON FOR THE BILL

The reason for the bill is to provide support, through liaisons, to nonprofit organizations during states of emergency.

ANALYSIS

This bill, under the GOV, would require certain state agencies, including the FTB, to establish a nonprofit liaison for nonprofit organizations to contact during a state of emergency.

The nonprofit liaison would be required to coordinate with state entities and local agencies to provide resources and information to nonprofit organizations during state of emergency relief efforts, including, but not limited to, providing information about access to grants and reducing barriers. Additionally, the nonprofit liaison would support nonprofit organization efforts for increased access to available grants during state of emergency response periods.

The bill defines the following terms:

- “Nonprofit organization” would mean a tax-exempt organization as defined in Internal Revenue Code (IRC) section 501(c)(3).
- “State agency” would mean Office of Emergency Services, Department of General Services, Department of Housing and Community Development, Department of Insurance, and the FTB.

The nonprofit liaison role would be combined with existing roles in the state agency.

Effective/Operative Date

This bill would be effective and operative January 1, 2026.

Federal/State Law

Federal Law

Federal law provides a Stakeholder Liaison that establishes relationships with practitioners, industry organizations and other organizations that support taxpayers. The Stakeholder Liaison provides information about Internal Revenue Service policies, procedures, and practices. The Stakeholder Liaison also facilitates issue identification, resolution, response, and feedback.

State Law

Current state law requires that state agencies that significantly impact small businesses designate at least one person to serve as a small business liaison. State agencies are required to include the small business liaison in the contact information on their website. The small business liaison’s responsibilities include handling complaints, providing technical advice, reporting concerns, and updating relevant website content. The role of the small business liaison is to serve as a point of contact, not to advocate for or against any regulations or intervene in investigations or enforcement actions.

Currently there are no federal or state provisions similar to the nonprofit liaison this bill would create.

Implementation Considerations

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

This bill does not specify the type of "grant" information the FTB would provide that could assist affected nonprofit organizations during state of emergency response periods. Note that the FTB does not administer or provide "grants." In addition, it is not clear what information would be provided with respect to "reducing barriers." For clarity, the author may wish to amend the bill.

Technical Considerations

For clarity, in Section 8586.4, it is recommended that a reference to the California definition of a nonprofit organization pursuant to Revenue and Taxation Code Section 23701d be added to the section.

Policy Considerations

None noted.

LEGISLATIVE HISTORY

AB 944 (Macedo, 2025/2026), under the GOV, would require a nonprofit entity that provides services pursuant to a contract with a state agency, during a state of war emergency or a state of emergency, to request the state agency to allow that nonprofit to modify the method in which it provides those services so long as the purpose of the contract is served. This bill did not pass out of the Assembly by the required deadline.

AB 619 (V. Fong, 2023/2024), under the GOV, would have authorized nonprofits providing services to a state agency to request to modify their service delivery methods during a declared state of war emergency or state of emergency and additionally authorizes nonprofits to request contract flexibility whenever a disruption occurs that prohibits a nonprofit entity from providing services to a state agency. AB 619 not pass out of the Assembly by the constitutional deadline.

SB 543 (Limón and Luz Rivas, 2021/2022), under the GOV, would have required the Department of General Services to designate a person to serve as a nonprofit liaison. SB 543 was vetoed by the governor whose veto message stated,

This bill requires the Department of General Services (DGS) to designate at least one person to serve as a "nonprofit liaison" to assist nonprofits in working with state government, including responding to complaints, providing technical assistance, reporting concerns to the DGS Director, and developing specific procurement and contracting practices for

nonprofits. Improving how our government engages with nonprofits is a worthy concept, but DGS is not the appropriate place to house this new position. The department has very few contracts with nonprofits, and procurement and execution of contracts and agreements is managed separately by each individual state entity.

SB 784 (Glazer et al., 2021/2022), under the GOV, would have authorized state-contracted nonprofit entities, during a state of war emergency or a state of emergency to notify funding agencies of impacts to services, document all expenditures, and retain records to justify expenses and continued funding, while also requiring state agencies to ensure funding for canceled services or reduced service levels. SB 784 did not pass out of the Assembly by the constitutional deadline.

PROGRAM BACKGROUND

The FTB offers various forms of assistance to taxpayers impacted by disasters and states of emergency. FTB staff has participated in public outreach through Local Assistance Centers and Disaster Recovery Centers by helping taxpayers with the filings of disaster claims, changes of address, and explaining available disaster resources. As allowed by law, the FTB has extended filing and payment deadlines, provided free copies of tax returns, provided disaster loss deductions, and penalty and interest relief. In addition, FTB has provided a disaster relief hotline for assistance and guidance and maintained current resources and information on FTB's website (ftb.ca.gov) related to disasters and states of emergency.

OTHER STATES' INFORMATION

None noted.

FISCAL IMPACT

FTB'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 amended on March 26, 2025, would not impact state income or franchise tax revenue.

LEGAL IMPACT

None noted.

EQUITY IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

Senate Committee on Appropriations, dated April 18, 2025.

Support

None on file.

Opposition

None on file.

ARGUMENTS

None on file.

LEGISLATIVE CONTACT

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