AB-263 Taxation: tax expenditures: information. (2019-2020)

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Assembly Bill No. 263

CHAPTER 743

An act to amend, repeal, and add Section 41 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor October 11, 2019. Filed with Secretary of State October 11, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

AB 263, Burke. Taxation: tax expenditures: information.

Existing law imposes various taxes, including income taxes and sales and use taxes, and allows specified credits, deductions, exclusions, and exemptions in computing those taxes. Existing law limits the collection and use of taxpayer information and provides that any unauthorized use of this information is punishable as a misdemeanor. Existing law also requires any bill, introduced on or after January 1, 2015, that would authorize a personal income or corporation tax credit to contain, among other provisions, specified goals, purposes, and objectives that the tax credit will achieve and detailed performance indicators, including data collection requirements, to measure whether the tax credit is meeting those goals, purposes, and objectives and provides that taxpayer information collected pursuant to these new requirements is subject to the limitation on the collection and use of that information.

This bill would extend the information requirement described above to any bill, introduced on or after January 1, 2020, that would authorize a personal income or corporation tax expenditure, as defined, and sales and use tax exemptions. The bill would provide that any unauthorized use of any taxpayer information collected is punishable as a misdemeanor.

By expanding the scope of a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 41 of the Revenue and Taxation Code is amended to read:

41. Notwithstanding any other law, any bill, introduced on or after January 1, 2015, that would authorize a new credit against the “net tax,” as defined in Section 17039, or against the “tax,” as defined in Section 23036, or both, shall contain all of the following:

(a) Specific goals, purposes, and objectives that the tax credit will achieve.

(b) Detailed performance indicators for the Legislature to use when measuring whether the tax credit meets the goals, purposes, and objectives stated in the bill.

(c) Data collection requirements to enable the Legislature to determine whether the tax credit is meeting, failing to meet, or exceeding those specific goals, purposes, and objectives. The requirements shall include the specific data and baseline measurements to be collected and remitted in each year the credit is in effect, in order for the Legislature to measure the change in performance indicators, and the specific taxpayers, state agencies, or other entities required to collect and remit data.

(d) Taxpayer information collected pursuant to this section is subject to Section 19542.

(e) This section shall remain in effect only until January 1, 2020, and as of that date is repealed.

SEC. 2. Section 41 is added to the Revenue and Taxation Code, to read:

41. (a) Notwithstanding any other law, any bill, introduced on or after January 1, 2020, that would authorize a new tax expenditure under Part 10 (commencing with Section 17001) of Division 2, Part 11 (commencing with Section 23001) of Division 2, or both, or that would authorize an exemption from the taxes imposed by Part 1 (commencing with Section 6001) of Division 2, shall contain all of the following:

(1) Specific goals, purposes, and objectives that the tax expenditure will achieve.

(2) Detailed performance indicators for the Legislature to use when measuring whether the tax expenditure meets the goals, purposes, and objectives stated in the bill.

(3) Data collection requirements to enable the Legislature to determine whether the tax expenditure is meeting, failing to meet, or exceeding those specific goals, purposes, and objectives. The requirements shall include the specific data and baseline measurements to be collected and remitted in each year the tax expenditure is in effect, in order for the Legislature to measure the change in performance indicators, and the specific taxpayers, state agencies, or other entities required to collect and remit data.

(b) For purposes of this section, “tax expenditure” means a credit, deduction, exclusion, exemption, or any other tax benefit as provided for by the state.

(c) Taxpayer information collected pursuant to this section is subject to Sections 7056.5 and 19542.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.