



**2009-10
Budget Conference Committee
on SB 61**

Upon Call of the Chair – Room 4203

REVENUE

**Assemblymember Noreen Evans, Chair
Senator Denise Moreno Ducheny, Vice Chair**

**Members: Senator Bob Dutton, Senator Mark Leno, Senator Alan Lowenthal, and Senator Mimi Walters
Assemblymember Bob Blumenfield, Assemblymember Kevin De León, Assemblymember Roger Niello, and Assemblymember Jim Nielsen**

Table of Contents

<u>Item #</u>	<u>Title</u>	<u>Page</u>
1730	Franchise Tax Board	
	Accelerate Estimated Payments.....	1
	Increase Withhold	2
0690	California Emergency Management Agency	
	Emergency Response Initiative.....	3
	REVENUE DEPARTMENTS ITEMS RECOMMENDED FOR VOTE ONLY	4

1730 Franchise Tax Board

Issue	Description	2009 Budget Act	May Revise	Comments
-------	-------------	--------------------	---------------	----------

1730-001-0001 Franchise Tax Board

TBL	<p>Accelerate Estimated Payments.</p> <p>The May Revision increases the June (second) quarterly estimated payment (Personal Income Tax and Corporation Tax) from the current 30 percent of annual tax liability to 40 percent, beginning in 2010. The percentage due with the first quarterly payment (April) is 30 percent, so the total amount due in the first half of the year would be 70 percent. Eliminates the third quarterly payment (now 20 percent) and increases the final quarterly payment (December) from the current 20 percent to 30 percent of annual tax liability.</p>	610,000,000 Revenue	This change in the estimated payment schedule would be permanent, but almost all of the gain would be one-time in 2009-10.	The current estimated payment schedule reflects an acceleration enacted in the 2008-09 Budget Package.
------------	--	------------------------	--	--

1730 Franchise Tax Board

Issue	Description	2009 Budget Act	May Revise	Comments
TBL	<p>Increase Withholding.</p> <p>The May Revision proposes to increase payroll withholding schedules for the Personal Income Tax by 10 percent, effective January 2010.</p>		1,700,000,000 Revenue	<p>Amounts withheld under the standard withholding tables would increase by 10 percent. Employees could, however, choose to have a lower amount withheld. Most taxpayers receive refunds, so that the increased withholding would increase the size of their refund. Employees who owe money at the end of the year would owe less.</p>

0690 California Emergency Management Agency

Issue	Description	2009 Budget Act	May Revise	Comments
-------	-------------	--------------------	---------------	----------

**0690-001-0001 California Emergency Management Agency
0690-001-1014**

200	Emergency Response	0	650,000	
400	Initiative		(Emergency Response Fund)	

Assembly approved Governor’s proposal to apply a 4.8 percent surcharge on property insurance to fund various emergency response programs, particularly in CalFIRE. Surcharge is projected to result in \$119 million in revenues in 2009-10. Responsibility for collection of surcharge would be administered by CalEMA (\$650,000).

TBL

Senate held open this proposal.

Conforms to issues in CalFIRE.

**REVENUE DEPARTMENTS
ITEMS RECOMMENDED FOR VOTE ONLY**

	ITEM	ISSUE	ISSUE	AMOUNT	PROPOSED ACTION
			Board of Equalization		
1	0860-001-0001 0860-501-0995	032 TBL	April Finance Letter: Governor requested 13 new positions and administrative fund shift for implementation of the sales and use tax increase - net General Fund cost was \$7.3 million. Both houses rejected proposal, but Assembly also adopted placeholder trailer bill to exempt the temporary tax increase from the administrative cost sharing calculation.	7,318,000 (General Fund) TBL	Approve Assembly
2	0860-001-0001 various special fund items	035	Assembly Action: Assembly reduced BOE budget by \$285,000 due to BOE double counting for cost of workstations at building facility. Senate took no action. Governor submitted May Revision request consistent with Assembly action.	-285,000 (GF and spec funds)	Approve Assembly
3	0860-001-0001 various special fund items	033	May Revision: BOE identified \$965,000 in e-file savings (\$454 General Fund) to implement a Return Process Efficiencies IT project with the Employment Development Department. Project would achieve combined annual savings and interest earnings of about \$1 million in 2011-12.	(965,000) (redirection of GF and spec funds)	Reject the May Letter and reduce the budget by \$965,000 (\$454,000 General Fund) to recognize e-file savings.
			Franchise Tax Board		
4	1730-001-0001	035 TBL	Assembly Action: Adopt Financial Institutions Records Match (FIRM) IT project. 2009-10 IT cost of \$3.2 million and possible additional costs up to \$2.1 million for bank reimbursements (depending on trailer language). Ongoing out-year revenue gains of over \$100 million. Project would require banks to report accounts for delinquent taxpayers. Senate took no action.	3,180,000 (General Fund)	Approve Assembly
5	1730-001-0001	031 BBL	April FL: Enterprise Data to Revenue IT Project - 2009-10 cost is \$5.2 million, with offsetting revenue gain of \$7 million from clearing backlog. \$300 million multi-year project cost, but \$2.8 billion revenue benefit estimated over project timeline. Assembly approved and added reporting budget language. Senate took no action.	5,218,000 (General Fund)	Approve Assembly

**REVENUE DEPARTMENTS
ITEMS RECOMMENDED FOR VOTE ONLY**

	ITEM	ISSUE	ISSUE	AMOUNT	PROPOSED ACTION
			Accounts Receivable Management		
6	9655-001-0001	TBL	Governor's Budget: Administration added reimbursement item for departments to pay private debt collects when they succeed in debt collection. Net GF benefit of \$10.5 million is scored and GF cost is \$3.3 million. SB 1XXX includes funding but trailer will was withheld without prejudice for further subcommittee consideration. Assembly excluded BOE from proposal (including \$2.2 million reduction to GF appropriation and adopted placeholder TBL with reporting requirements). Senate took no action.	TBL	Approve Assembly