

AMENDED IN SENATE JUNE 26, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 680

Introduced by Assembly Member Wolk
(Principal coauthor: Assembly Member La Malfa)

February 21, 2007

An act to amend Sections 17052.10 and 23610 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 680, as amended, Wolk. Income and corporation tax credits: rice straw.

The Personal Income Tax Law and the Corporation Tax Law authorize various credits against the taxes imposed by those laws, including a credit until January 1, 2008, for the purchase of rice straw, as provided. *Existing law provides that the aggregate amount of credits granted to all taxpayers for the purchase of rice straw under both laws shall not exceed \$400,000.*

This bill would allow the rice straw credit until January 1, 2013, and would increase the aggregate amount of credits to \$1,000,000.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17052.10 of the Revenue and Taxation
- 2 Code is amended to read:

- 1 17052.10. (a) For each taxable year beginning on or after
 2 January 1, 1997, and before January 1, 2013, there shall be allowed
 3 as a credit against the amount of “net tax,” as defined in Section
 4 17039, an amount equal to fifteen dollars (\$15) for each ton of rice
 5 straw, as defined in Section 18944.33 of the Health and Safety
 6 Code, that is grown within California and purchased during the
 7 taxable year by the taxpayer.
- 8 (b) The aggregate amount of tax credits granted to all taxpayers
 9 pursuant to this section and Section 23610 shall not exceed ~~four~~
 10 ~~hundred thousand dollars (\$400,000)~~ *one million dollars*
 11 *(\$1,000,000)* for each calendar year.
- 12 (c) In the case where the credit allowed by this section exceeds
 13 the “net tax,” the excess may be carried over to reduce the “net
 14 tax” for the next 10 taxable years, or until the credit has been
 15 exhausted, whichever occurs first.
- 16 (d) No deduction shall be claimed for the purchase of rice straw
 17 for which a tax credit has been claimed pursuant to this section.
- 18 (e) No credit shall be claimed for the purchase of rice straw for
 19 which a tax credit has otherwise already been claimed pursuant to
 20 this part.
- 21 (f) The Department of Food and Agriculture shall do all of the
 22 following:
- 23 (1) Certify that the taxpayer has purchased the rice straw as
 24 specified in subdivision (a).
 - 25 (2) Issue certificates in an aggregate amount that shall not exceed
 26 the limit specified in subdivision (b). The certificates shall be
 27 issued on a “first come, first served” basis to reflect the
 28 chronological order that the taxpayer submitted a valid request to
 29 the Department of Food and Agriculture.
 - 30 (3) Provide an annual listing to the Franchise Tax Board
 31 (preferably on a computer readable form, and in a form or manner
 32 agreed upon by the Franchise Tax Board and the Department of
 33 Food and Agriculture) of the qualified taxpayers who were issued
 34 certificates and the amount of rice straw purchased by each
 35 taxpayer.
 - 36 (4) Provide the taxpayer with a copy of the certification to retain
 37 for his or her records.
 - 38 (5) Obtain the taxpayer’s identification number, and in the case
 39 of a partnership, the taxpayer identification numbers of all partners.

1 (6) On or before each June 1 immediately following each year
2 for which the credit under this section is available, provide to the
3 Legislature an informational report with respect to that year that
4 includes all of the following:

- 5 (A) The number of tax credit certificates requested and issued.
- 6 (B) The type of businesses receiving the tax credit certificates.
- 7 (C) A general list of the methods used to process the rice straw.
- 8 (D) Recommendations on how the credits can be issued in a
9 manner which will maximize the long-term use of the California
10 grown rice straw.

11 (g) To be eligible for the credit under this section the taxpayer
12 shall do all of the following:

13 (1) As part of the taxpayer's allocation request for tax credits,
14 provide the Department of Food and Agriculture with documents,
15 as deemed necessary by the department, verifying the purchase of
16 rice straw and that it meets the requirements specified in this
17 section.

18 (2) Retain for his or her records a copy of the certificate issued
19 by the Department of Food and Agriculture as specified in
20 subdivision (f).

21 (3) Provide a copy of the certification specified in subdivision
22 (f) to the Franchise Tax Board upon request. If the taxpayer fails
23 to comply with the requirements of this subdivision, no credit shall
24 be allowed to that taxpayer under this section for any taxable year
25 unless the taxpayer subsequently complies.

26 (4) Provide the Department of Food and Agriculture with his
27 or her taxpayer identification number, and in the case of a
28 partnership, the taxpayer identification numbers of all partners.

29 (h) (1) For purposes of this section, a credit shall be allowed
30 only if the taxpayer is the "end user" of the rice straw. For purposes
31 of this section, "end user" shall mean anyone who uses the rice
32 straw for processing, generation of energy, manufacturing, export,
33 prevention of erosion, or for any other purpose, exclusive of open
34 burning, that consumes the rice straw.

35 (2) The credit shall not be allowed if the taxpayer is related,
36 within the meaning of Section 267 or 318 of the Internal Revenue
37 Code, to any person who grew the rice straw within California.

38 (i) This section shall remain in effect only until December 1,
39 2013, and as of that date is repealed.

1 SEC. 2. Section 23610 of the Revenue and Taxation Code is
2 amended to read:

3 23610. (a) For each taxable year beginning on or after January
4 1, 1997, and before January 1, 2013, there shall be allowed as a
5 credit against the amount of “tax,” as defined in Section 23036,
6 an amount equal to fifteen dollars (\$15) for each ton of rice straw,
7 as defined in Section 18944.33 of the Health and Safety Code, that
8 is grown within California and purchased during the taxable year
9 by the taxpayer.

10 (b) The aggregate amount of tax credits granted to all taxpayers
11 pursuant to this section and Section 17052.10 shall not exceed ~~four~~
12 ~~hundred thousand dollars (\$400,000)~~ *one million dollars*
13 *(\$1,000,000)* for each calendar year.

14 (c) In the case where the credit allowed by this section exceeds
15 the “tax,” the excess may be carried over to reduce the “tax” for
16 the next 10 taxable years, or until the credit has been exhausted,
17 whichever occurs first.

18 (d) No deduction shall be claimed for the purchase of rice straw
19 for which a tax credit has been claimed pursuant to this section.

20 (e) No credit shall be claimed for the purchase of rice straw for
21 which a tax credit has otherwise already been claimed pursuant to
22 this part.

23 (f) The Department of Food and Agriculture shall do all of the
24 following:

25 (1) Certify that the taxpayer has purchased the rice straw as
26 specified in subdivision (a).

27 (2) Issue certificates in an aggregate amount that shall not exceed
28 the limit specified in subdivision (b). The certificates shall be
29 issued on a “first come, first served” basis to reflect the
30 chronological order that the taxpayer submitted a valid request to
31 the Department of Food and Agriculture.

32 (3) Provide an annual listing to the Franchise Tax Board
33 (preferably on a computer readable form, and in a form or manner
34 agreed upon by the Franchise Tax Board and the Department of
35 Food and Agriculture) of the qualified taxpayers who were issued
36 certificates and the amount of rice straw purchased by each
37 taxpayer.

38 (4) As part of its allocation request for tax credits, provide the
39 taxpayer with a copy of the certification to retain for the taxpayer’s
40 records.

1 (5) Obtain the taxpayer’s identification number, or in the case
2 of a subchapter S corporation, the taxpayer identification numbers
3 of all shareholders.

4 (6) On or before each June 1 immediately following each year
5 for which the credit under this section is available, provide to the
6 Legislature an informational report with respect to that year that
7 includes all of the following:

8 (A) The number of tax credit certificates requested and issued.

9 (B) The type of businesses receiving the tax credit certificates.

10 (C) A general list of the methods used to process the rice straw.

11 (D) Recommendations on how the credits can be issued in a
12 manner that will maximize the long term use of the California
13 grown rice straw.

14 (g) To be eligible for the credit under this section the taxpayer
15 shall do all of the following:

16 (1) As part of its allocation request for tax credits, provide the
17 Department of Food and Agriculture with documents, as deemed
18 necessary by the department, verifying the purchase of rice straw
19 and that it meets the requirements specified in this section.

20 (2) Retain for the taxpayer’s records a copy of the certificate
21 issued by the Department of Food and Agriculture as specified in
22 subdivision (f).

23 (3) Provide a copy of the certification specified in subdivision
24 (f) to the Franchise Tax Board upon request. If the taxpayer fails
25 to comply with the requirements of this subdivision, no credit shall
26 be allowed to that taxpayer under this section for any taxable year
27 unless the taxpayer subsequently complies.

28 (4) Provide the Department of Food and Agriculture with the
29 taxpayer’s identification number, or in the case of a subchapter S
30 corporation, the taxpayer identification numbers of all shareholders.

31 (h) (1) For purposes of this section, a credit shall be allowed
32 only if the taxpayer is the “end user” of the rice straw. For purposes
33 of this section, “end user” shall mean anyone who uses the rice
34 straw for processing, generation of energy, manufacturing, export,
35 prevention of erosion, or for any other purpose, exclusive of open
36 burning, that consumes the rice straw.

37 (2) The credit shall not be allowed if the taxpayer is related,
38 within the meaning of Section 267 or 318 of the Internal Revenue
39 Code, to any person who grew the rice straw within California.

- 1 (i) This section shall remain in effect only until December 1,
- 2 2013, and as of that date is repealed.
- 3 SEC. 3. This act provides for a tax levy within the meaning
- 4 of Article IV of the Constitution and shall go into immediate effect.

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