

AMENDED IN SENATE APRIL 2, 2014

SENATE BILL

No. 1335

Introduced by Senator Leno

February 21, 2014

An act to ~~amend Section 1020 of the Financial Code, relating to banking~~; *add Section 41 to the Revenue and Taxation Code, relating to taxation.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1335, as amended, Leno. ~~Banking~~. *Income and corporation taxes: credits: information.*

Existing law imposes various taxes and allows specified credits, deductions, exclusions, and exemptions in computing those taxes.

This bill would require 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 to measure whether the tax credit is meeting those goals, purposes, and objectives.

~~Existing law provides for the regulation of state organized banks by the Department of Business Oversight. Existing law establishes the Commissioner of Business Oversight as the head of the department. Existing law requires the request for authority to organize and establish a corporation to engage in the banking or trust business to be set forth in an application and to contain information as the commissioner may require.~~

~~This bill would make nonsubstantive changes to this law.~~

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

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

1 *SECTION 1. The Legislature finds and declares the following:*

2 *(a) Government should demonstrate transparency and*
3 *accountability when investing public dollars in economic*
4 *incentives.*

5 *(b) Government enacts tax preferences to promote social and*
6 *economic goals and provides direct benefits to taxpayers without*
7 *incurring direct expenditures.*

8 *(c) Tax preferences represent a major exercise of government*
9 *power, but face less oversight than many activities on the spending*
10 *side of the budget.*

11 *(d) National and state public finance experts recommend that*
12 *tax preferences be evaluated alongside direct spending programs,*
13 *as both are public initiatives meant to accomplish specified goals.*

14 *(e) Revenue losses attributable to federal tax preferences exceed*
15 *any other category of federal spending, including defense,*
16 *Medicaid and Medicare, Social Security, debt service, or*
17 *discretionary spending.*

18 *(f) California now forgoes more than \$47 billion in revenue*
19 *from tax preferences, according to the Department of Finance.*

20 *(g) Many current tax preferences do not contain goals and*
21 *objectives to measure the performance of the tax preference.*

22 *(h) Many current tax preferences neither require taxpayers to*
23 *submit data demonstrating the tax preference's effectiveness, nor*
24 *for state agencies to collect and send data to the Legislature to*
25 *evaluate the tax preference.*

26 *(i) The Legislature should apply the same level of review and*
27 *performance measure that it applies to spending programs to tax*
28 *preference programs, including tax credits.*

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

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

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

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

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

12 SECTION 1. ~~Section 1020 of the Financial Code is amended~~
13 ~~to read:~~

14 ~~1020. The request for authority to organize and establish a~~
15 ~~corporation to engage in the banking or trust business shall be set~~
16 ~~forth in an application in the form, and containing the information,~~
17 ~~as the commissioner may require and shall be accompanied by a~~
18 ~~fee of five thousand dollars (\$5,000).~~