
THIRD READING

Bill No: AB 2247
Author: Burke (D)
Introduced: 2/13/20
Vote: 21

SENATE GOVERNANCE & FIN. COMMITTEE: 5-0, 7/29/20
AYES: McGuire, Beall, Hertzberg, Hurtado, Wiener
NO VOTE RECORDED: Moorlach, Nielsen

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 62-10, 6/8/20 - See last page for vote

SUBJECT: Personal income taxes: dependent exemption credit: identifying information

SOURCE: Franchise Tax Board

DIGEST: This bill allows certain nonresident alien dependents to be claimed on a California tax return by providing alternative information.

ANALYSIS:

Existing law:

- 1) Allows taxpayers to claim exemption credits, including a personal exemption credit and exemption credits only for dependents, so long as the dependent has a social security number (SSN) or federal individual tax identification number (ITIN).
- 2) Requires those taxpayers without an SSN to request an ITIN from the Internal Revenue Services (IRS).

This bill:

- 1) Allows a taxpayer to provide alternative identifying information for a dependent who is included and claimed as an exemption on a tax return, but who is ineligible for or has not received an ITIN.
- 2) Directs that the alternative identifying information must be in the form and manner prescribed by the Franchise Tax Board (FTB), and applies beginning in the 2018 taxable year.

Background

Federal ITIN. Federal ITINs are generally issued for tax administration purposes for certain nonresident and resident aliens (a term in federal law that refers to someone that is not a US citizen but resides in the US), their spouses, and dependents who are not eligible to receive an SSN. To obtain a federal ITIN, an individual must file IRS Form W-7, *Application for ITIN* and provide specified documentation including a copy of an original tax return, original documents that show that the information included on the form is the same and demonstrates a connection to a country, and a valid form of identification.

In December 2017, Congress enacted HR 1, enacting fundamental changes to the federal income tax, including eliminating reducing to zero the amount of dependent exemption credits for federal tax purposes. As a result, the IRS has recently stopped granting or renewing ITINs for nonresident alien dependents because there is no longer a federal purpose for doing so.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT: (Verified 8/13/20)

Franchise Tax Board (source)
California Immigrant Policy Center

OPPOSITION: (Verified 8/13/20)

None received

ARGUMENTS IN SUPPORT: According to the author, “the FTB recently learned that the Internal Revenue Service has stopped issuing or renewing federal Individual Taxpayer Identification Numbers for certain nonresident dependents living in Canada or Mexico. This has prevented certain California taxpayers from claiming the dependent exemption credit for their otherwise qualifying nonresident

dependents. This is because current state law strictly requires a tax return to include either a Social Security number or ITIN for each dependent for the credit to be allowed. AB 2247, which is sponsored by the FTB, would very simply give these taxpayers the option of providing alternative identifying information for purposes of claiming the dependent exemption credit.”

ASSEMBLY FLOOR: 62-10, 6/8/20

AYES: Aguiar-Curry, Arambula, Bauer-Kahan, Berman, Bloom, Boerner
Horvath, Bonta, Brough, Burke, Calderon, Carrillo, Cervantes, Chau, Chiu, Chu,
Cooley, Cooper, Daly, Eggman, Flora, Frazier, Friedman, Gabriel, Cristina
Garcia, Eduardo Garcia, Gipson, Gloria, Gonzalez, Gray, Grayson, Holden,
Irwin, Jones-Sawyer, Kalra, Kamlager, Levine, Limón, Low, Maienschein,
Mayes, McCarty, Medina, Mullin, Nazarian, O'Donnell, Petrie-Norris, Quirk-
Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Salas,
Santiago, Smith, Mark Stone, Ting, Weber, Wicks, Wood, Rendon

NOES: Bigelow, Choi, Megan Dahle, Fong, Lackey, Mathis, Obernolte, Patterson,
Voepel, Waldron

NO VOTE RECORDED: Chen, Cunningham, Diep, Gallagher, Kiley,
Muratsuchi, Quirk

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