

Date of Hearing: May 5, 2021

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 1538 (Quirk) – As Amended April 26, 2021

Policy Committee: Revenue and Taxation Vote: 11 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

**SUMMARY:**

This bill authorizes the Franchise Tax Board (FTB) to disclose de-identified data from state tax returns to a bona fide research body, upon request, measuring the effects of poverty and efforts to ameliorate poverty. This bill makes the unauthorized disclosure or use of the data, by a research body's employees or officers, a misdemeanor. This bill authorizes the FTB to require reimbursement for all reasonable costs incurred in response to a data request.

**FISCAL EFFECT:**

Costs of an unknown but possibly significant amount, in excess of \$1 million annually, for the FTB to respond to data requests, depending on the number of "bona fide research bodies" that make requests and the volume, scope and complexity of those requests. Although the FTB is authorized to require reimbursements, there is no guarantee that costs will be fully recovered.

**COMMENTS:**

- 1) **Purpose.** According to the author, understanding the scope of poverty in California is crucial to implementing effective anti-poverty policies. The tax code has been used to make major investments in fighting poverty through programs like the California Earned Income Tax Credit, Young Child Tax Credit and California Renter's Credit. The author asserts AB 1538 gives researchers the ability to request access to taxpayer data and better understand the effects of poverty throughout the state, thus ensuring safety net programs are reaching the Californians who need help most.
- 2) **Disclosure of Taxpayer Information.** Existing law generally prohibits the disclosure of tax return data because of the sensitive nature of the information. However, existing law also provides a number of exceptions, authorizing disclosure of specified information to the taxpayer or the taxpayer's representative, entities administering tax law and other public programs and law enforcement. This bill provides an additional exception, authorizing disclosure to a research body directly engaged in researching poverty and potential solutions, and similarly protects sensitive taxpayer information by making it a misdemeanor for the research body's employees or officers to disclose or use the data for unauthorized purposes. Unlike existing exceptions, however, the exception provided by this bill is broad, and does not specify the type of information that may be most helpful for anti-poverty researchers while balancing the need to be judicious with sensitive taxpayer information.

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