CONCURRENCE IN SENATE AMENDMENTS
AB 158 (Committee on Budget)
As Amended August 26, 2022
Majority vote. Budget Bill Appropriation Takes Effect Immediately

SUMMARY

This trailer bill contains changes necessary to implement the 2022 Budget Act relating to taxpayer relief.

Senate Amendments
Workers' Tax Credit

1) Allows for taxable years beginning on or after January 1, 2024, a credit in an amount equal to the greater of : a) the dues paid to a labor organization during the taxable year multiplies by an adjustment factor as specified; or b) the amount of dues paid during the year, as specified, but not to exceed $100 (recomputed annually).

2) Provides that unless otherwise specified in the annual Budget Act, or a bill providing for appropriations related to the annual Budget Act, enacted after May 1, 2024, the worker's tax credit adjustment factor shall be 0% for that year, and the dollar amount allowed shall be $0 for that taxable year.

3) States that it is the intent of the Legislature that the workers' tax credit adjustment factor and the maximum dollar amount be set in a manner to limit the annual revenue loss resulting to no more than $400 million.

4) Includes the following definitions:

   a) "Bona fide labor organization" means a labor organization that satisfies all of the following:

      i) Is exempt from income taxes pursuant to Section 23701a.

      ii) Actually represents employees in California as to wages, hours, and working conditions.

      iii) Its officers have been democratically elected by its membership or otherwise in a manner consistent with federal law.

      iv) Is free of domination or interference by any employer and has received no improper assistance or support from any employer.

   b) "Dues" means the amount paid or incurred during the taxable year by a taxpayer for dues or dues equivalents paid to a bona fide labor organization.

5) Provides that the credit allowed under this program, shall be in lieu of any other credit or deduction that the qualified taxpayer may otherwise be allowed with respect to amount taken into account in calculating the credit.

6) Provides that if the amount allowable as a credit exceeds the tax liability computed for the taxable year, the excess shall be credited against other amounts due, if any, and the balance, if any, shall, upon appropriation by the Legislature, be paid from the Tax Relief and Refund account and refunded to the qualified taxpayer.

7) Requires the Franchise Tax Board to report to the Legislature beginning in 2026 calendar year, and on annual basis thereafter, while the credit is in effect as specified.

Small Business Hiring Tax Credit

8) Makes nonsubstantive changes to the provisions that allow a small business hiring credit to a qualified small business employer, calculated based on net increase in qualified employees.

Paycheck Protection Program

9) Clarifies that the provisions of law that excludes from gross income any covered loan amounts forgiven pursuant to the PPP Extension Act of 2021 are effective for taxable years beginning on or after January 1, 2019.

Data Share

10) Repeals provisions related to the exchange of data between the State Department of Social Services (DSS), State Department of Health Care Services (DHCS), and the Franchise Tax Board (FTB).

11) Requires instead the DSS, DHCS to exchange data with FTB, including the names, addresses, and contact information of individuals that may qualify for the CalEITC, and would require all data provided to remain confidential and be used only for purposes directly connected with the federal Earned Income Tax Credit, the CalEITC, and other federal and state antipoverty tax credits.

12) Authorizes FTB to disclose individual income tax return information for taxable years beginning on or after January 1, 2020, and before January 1, 2022, to DSS and DHCS, and requires data provided to remain confidential and be used only for purposes of informing state residents of the availability of the Volunteer Income Tax Assistance (VITA), CalFile, the federal EITC, the CalEITC, and other federal and state antipoverty tax credits that are designed to alleviate poverty and tax burdens of low-income households.

13) Requires DSS and DHCS that receive data from FTB to annually provide FTB the results and findings of outreach conducted to measure whether the outreach achieves its intended purpose of increasing the number of claims for the federal EITC, the CalEITC, and other state and federal antipoverty tax credits.

14) Makes an appropriation of $20,000 from the General Fund to the FTB to administer the data sharing provisions.

Better for Families Act

15) Provides the authority to make one-time Better for Families Refund payment to the Franchise Tax Board instead of the Controller.

COMMENTS

This is a budget bill within the overall 2022-23 budget package necessary to implement actions related to taxpayer relief.

According to the Author

Arguments in Support
None on file.

Arguments in Opposition
None on file.

FISCAL COMMENTS

The appropriations for these programs are contained in the Budget Act of 2022.

VOTES:

ASSEMBLY FLOOR: 56-18-5
YES: Aguiar-Curry, Arambula, Bauer-Kahan, Bennett, Berman, Bloom, Boerner Horvath, Bonta, Burke, Calderon, Carrillo, Cervantes, Chau, Chiu, Cooley, Cooper, Daly, Friedman, Gabriel, Cristina Garcia, Eduardo Garcia, Gipson, Lorena Gonzalez, Gray, Grayson, Holden, Irwin, Jones-Sawyer, Kalra, Lee, Levine, Low, Maienschein, McCarty, Medina, Mullin, Muratsuchi, Nazarian, O'Donnell, Petrie-Norris, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Salas, Santiago, Stone, Ting, Villapudua, Ward, Wicks, Wood, Rendon
NO: Bigelow, Chen, Choi, Cunningham, Megan Dahle, Davies, Flora, Fong, Gallagher, Kiley, Lackey, Mathis, Nguyen, Patterson, Seyarto, Smith, Voepel, Waldron
ABS, ABST OR NV: Frazier, Kamlager, Mayes, Quirk, Valladares

UPDATED

VERSION: August 26, 2022

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