

SUMMARY ANALYSIS OF AMENDED BILL

Author: Irwin & Brough Analyst: Jessica Deitchman Bill Number: AB 931
 Related Bills: See Prior Analysis Telephone: 845-6310 Amended Date: July 1, 2015
 Attorney: Bruce Langston Sponsor _____

SUBJECT:	Employer Hiring Credit/Qualified Full-Time Employee Veterans
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SUMMARY

This bill would, under the Personal Income Tax Law and Corporation Tax Law, modify the definition of “qualified full-time employee” for purposes of determining the New Employment Credit.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The July 1, 2015, amendments removed the requirement that a veteran be unemployed for the six months immediately preceding employment with the qualified taxpayer. Except for the “This Bill,” and “Economic Impact” sections, the department's analysis of the bill as amended May 20, 2015, still applies.

THIS BILL

For taxable years beginning on or after January 1, 2016, this bill would modify the “qualified full-time employee” criteria specifically applicable to veterans to include a veteran who separated from service in the Armed Forces of the United States within the 36 months preceding the commencement of employment with the qualified taxpayer.

ECONOMIC IMPACT

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 931 As Amended July 1, 2015 Assumed Enactment By September 30, 2015		
2015-16	2016-17	2017-18
- \$20,000	- \$150,000	- \$250,000

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

Board Position:	Legislative Director	Date
_____ S _____ NA _____ X _____ NP	Gail Hall	7/14/15
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It is estimated that \$17.7 million in credits have been reserved for the New Employment Credit for the 2014 taxable year. For taxable years beginning on or after January 1, 2016, this bill would revise the definition of "qualified full-time employee" from a veteran separated with the 12 months preceding commencement of employment, to one that is separated 36 months prior. Using data from the Department of Veterans Affairs and Bureau of Labor Statistics, 5 percent of the amount of credit reserved is attributed to qualified veterans. By allowing veterans separated for up to 36 months it is estimated that 15 percent would be new hires. The estimate includes a 3 percent reduction each year for attrition. This results in a revenue loss of \$100,000 for taxable year 2016. The additional credit usage will peak when there is a five year combined period in 2020, at approximately \$600,000.

The tax year estimates are converted to fiscal years, and then rounded, and reflected in the table above.

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