

AB 1085 (CALDERON) BUSINESS ENTITIES: ANNUAL TAX: MINIMUM FRANCHISE TAX: FEES

POSITION: The Chamber's Small Business Roundtable voted to SUPPORT the proposal on July 12, 2018. The Chamber's Public Policy Committee voted to SUPPORT the proposal on August 14, 2018.

RATIONALE: AB 1085 makes it easier to run a business in San Diego by offering payment options for the minimum franchise tax.

STATUS: It was introduced February 2017. It passed unanimously on the Assembly floor. It was placed on suspense file August 13, 2018.

SUMMARY

AB 1085 allows corporations and limited liability companies (LLCs) the option to pay their minimum franchise tax (MFT) or annual tax in 2 or 3 equal installments.

INDUSTRY/IES IMPACTED

The industries impacted include all California businesses.

SUPPORTERS

- California Chamber of Commerce

OPPONENTS

- None Known

ARGUMENTS IN FAVOR

Some may argue that this bill would allow corporations and LLCs flexibility in the timing of tax and fee payments, reducing the burden of making a large one-time payment. It seeks to help struggling businesses succeed in California by offering payment options for the minimum franchise tax. The bill intends to create and retain existing jobs in the State to further decrease California's unemployment rate. In order to reduce California's unemployment rate and create jobs, the State must provide long term solutions and incentives to businesses that wish to operate in California. With one of the highest corporate taxes in the nation, California's position as leader in economic opportunity and job creation is threatened.

ARGUMENTS IN OPPOSITION

Some may argue that this alternative payment schedule increases the already difficult to estimate cash flow to the general fund and may be viewed as an unfair practice by taxpayers no afforded this flexibility.