

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Speier Analyst: Jeff Garnier Bill Number: SB 49

Related Bills: See Legislative History Telephone: 845-5322 Amended Date: February 15, 2001

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Conformity/ Contributions of Publicly Traded Stock to Private Foundations

- _____ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.
- AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- _____ AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- _____ FURTHER AMENDMENTS NECESSARY.
- _____ DEPARTMENT POSITION CHANGED TO _____.
- _____ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED December 14, 2001, STILL APPLIES.
- OTHER - See comments below.

SUMMARY

For the 2001 through the 2003 taxable year, this bill would allow an individual that contributes publicly traded stock to certain private foundations to deduct the fair market value (FMV) of the stock instead of being limited to deducting the individual's basis in the stock. This bill would conform California law to federal law on this issue.

SUMMARY OF AMENDMENT

The February 15, 2001, amendments resolved the department's technical considerations. The amendments also deleted the provision for corporate taxpayers that would have allowed the fair market value of publicly traded stock contributed to a private foundation as a deduction. The Bank and Corporation Tax Law generally provides that contributions to all charitable organizations be limited to the donor's adjusted basis in the property.

The remainder of the department's analysis dated December 14, 2000, still applies.

POSITION

Pending.

Board Position:

_____ S _____ NA _____ NP
_____ SA _____ O _____ NAR
_____ N _____ OUA PENDING

Legislative Director

Date

Brian Putler

03/14/2001

FISCAL IMPACT

Tax Revenue Estimate:

Net revenue losses are estimated as follows:

Fiscal Year Cash Flow Impact Effective 1/1/01 Enacted Assumed after June 30, 2001 (In Millions)				
	2001-02	2002-03	2003-04	2004-05
Deduction of Publicly Traded Stock	(\$5)	(\$5)	(\$4)	(\$1.5)

This analysis does not consider the possible changes in employment, personal income, or gross state product that could result from this measure.

Our previous analysis of this bill as introduced December 14, 2000, has been adjusted to reflect the omission of corporate taxpayers from the proposal and declining current stock market trends.

LEGISLATIVE STAFF CONTACT

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