

REVISED ANALYSIS

Franchise Tax Board

Author: Correa, et al. Analyst: Kristina E. North Bill Number: AB 137
Related Bills: See Legislative History Telephone: 845-6978 Original Analysis Date 01-16-2003
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: California Fund for Senior Citizens

- REVENUE ESTIMATE CHANGED.
 FURTHER CONCERNS IDENTIFIED.
 REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED JANUARY 16, 2003 STILL APPLIES.
 OTHER - See comments below.

SUMMARY OF BILL

This bill would remove the repeal date and the minimum contribution amount requirement from California Fund for Senior Citizens.

SUMMARY OF REVISION

The revised analysis corrects the first fiscal year this bill would impact.

The remainder of the department's analysis of the bill as introduced January 16, 2003, still applies.

POSITION

Pending.

Revenue Estimate

If a level equivalent to the minimum level of contributions is achieved each year, as adjusted for inflation (approximately \$270,000 in 2001/2002), potential revenue losses would be very minor, on the order of \$16,000 annually beginning with the **2005/2006** fiscal year. The loss would result from itemized deductions for the contributions.

Any possible changes in employment, personal income, or gross state product that might result from this measure are not taken into account.

Board Position:

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Legislative Director
Brian Putler

Date
02/28/03

Revenue Discussion

According to departmental data, the total amount of existing voluntary contributions to all funds was nearly \$4 million for fiscal year 2001/2002 with an average of \$280,000 per individual designated fund.

Assuming contributions equal or exceed the minimum contribution threshold, as adjusted for inflation, and all contributors itemize deductions, the annual revenue loss would be on the order of \$16,000 by applying an average marginal tax rate of 6%.

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