

# ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Alquist Analyst: Darrine Distefano Bill Number: SB 1249

Related Bills: See Legislative History Telephone: 845-4142 Introduced Date: February 8, 2006

Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** California Fund For Senior Citizens/Repeal If FTB Estimates Annual Contribution Amount Will Be Less Than \$250,000

## SUMMARY

This bill would fix the minimum contribution requirement for the California Fund for Senior Citizens at \$250,000.

## PURPOSE OF THE BILL

According to the author's office, the purpose of this bill is to preserve the primary source of income for the California Senior Legislature, which is funded by the California Fund for Senior Citizens.

## EFFECTIVE/OPERATIVE DATE

This bill would become effective and operative January 1, 2007.

## POSITION

Pending.

## ANALYSIS

### STATE LAW

Current state tax law allows taxpayers to make contributions of their own funds (not tax liability) on their tax returns to any of the voluntary contribution funds listed on the state tax return. Each fund provides for the reimbursement of the Franchise Tax Board's (FTB's) and the Controller's actual costs to administer the fund prior to receiving the balance of any designated contributions.

With the exception of the California Seniors Special Fund, the California Firefighters Memorial Fund and the California Peace Officer Foundation Memorial Fund, each voluntary contribution fund must meet a minimum contribution of \$250,000 that is adjusted annually for inflation. The annual inflation adjustment is based on the percentage change in Consumer Price Index determined each year.

Board Position:

\_\_\_\_\_ S      \_\_\_\_\_ NA      \_\_\_\_\_ NP  
\_\_\_\_\_ SA      \_\_\_\_\_ O      \_\_\_\_\_ NAR  
\_\_\_\_\_ N      \_\_\_\_\_ OUA        X   PENDING

Department Director

Date

John W. Davies  
for Selvi Stanislaus

3/29/06

The department will estimate by September 1 of each year, using the actual amount known to be contributed to each fund, combined with an estimate of the remaining year's contributions, whether the funds are projected to receive the required minimum donation for that year. If a fund does not receive the minimum requirement, the fund is removed from the return in the following year and replaced with another legislatively authorized fund.

Since the Consumer Price Index data is not received until August of each year, the most current calculations available are for the 2004 tax year. Appendix 1 reflects the contributions received for each fund in 2004, and the amount required to be contributed to remain on the return for the 2005 tax year. For 2004, the inflation adjustment brought the minimum contribution amount for the California Fund for Senior Citizens to \$ 277,270. Under current law, the sunset date for this fund is January 1, 2010.

### **PROGRAM BACKGROUND**

In 1985, the California Fund for Senior Citizens was established to provide permanent funding for the activities of the California Senior Legislature (CSL). The CSL consists of volunteers who prioritize statewide senior related legislative proposal(s) in areas of health, housing, transportation, and community services. Any excess contributions to the California Fund for Senior Citizens not required by CSL are distributed to senior citizen service organizations throughout California.

The California Fund for Senior Citizens received approximately \$296,000 in contributions in 2005.

### **THIS BILL**

This bill would remove the annual inflation factor adjustment on the minimum contribution for this fund, thus reducing and fixing the minimum contribution threshold amount for retention of the fund on the tax return at \$250,000.

### **IMPLEMENTATION CONSIDERATIONS**

Implementing this bill would not significantly impact the department's programs or operations.

### **LEGISLATIVE HISTORY**

AB 137 (Correa, Stats. 2003, Ch. 376) extended the repeal date for the California Fund for Senior Citizens to January 1, 2010. As originally introduced, this bill also would have removed the minimum contribution amount.

SB 1082 (Vasconcellos, 2001) would have made changes to the minimum contribution amount requirement for the California Fund for Senior Citizens. This bill failed passage from the Assembly Revenue and Taxation Committee.

AB 1697 (Commission on Aging, et al., Stats. 1999, Ch. 228) extended the repeal date to January 1, 2005, and specified that for taxable years beginning January 1, 2001, the California Fund for Senior Citizens would be required to meet the minimum contribution amount.

**FISCAL IMPACT**

This bill would not significantly impact the department's costs.

**ECONOMIC IMPACT**

This bill would not impact the state's income tax revenue.

**LEGISLATIVE STAFF CONTACT**

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**APPENDIX 1**  
**Voluntary Contributions To Charitable Organizations**  
**Tax Year 2004**

<b>Voluntary Contribution Fund</b>	<b>Amount Required</b>	<b>Amount Received</b>
CA Fund for Senior Citizens	\$ 277,720	\$ 296,136
Ca Rare & Endangered Species Preservation Fund	\$ 266,864	\$ 624,264
State Children's Trust Fund	\$ 266,864	\$ 581,772
CA Alzheimer's Disease & Related Disorders Research Fund	\$ 287,528	\$ 525,594
CA Seniors Special Fund	No Minimum	\$ 55,524
Ca Breast Cancer Research Fund	\$ 308,425	\$ 636,319
CA Firefighters' Memorial Fund*	No Minimum	\$ 187,132
Emergency Food Assistance Program Fund	\$ 285,192	\$ 399,876
CA Peace Officer Foundation Memorial Fund*	No Minimum	\$ 183,269
CA Military Family Relief Fund	\$ 250,000	\$ 282,106
CA Prostate Cancer Research Fund	\$ 250,000	\$ 188,025
CA Sexual Violence Victim Services Fund	Not enacted until 2005	
Veterans Quality of Life Fund	Not enacted until 2005	
CA Colorectal Cancer prevention Fund	Not enacted until 2005	

\*Ca Firefighters' Memorial Fund and CA Peace Officer Foundation Memorial Fund are only subject to the \$250,000 minimum contribution amount if their repeal dates are specifically deleted in new legislation