

SUMMARY ANALYSIS OF AMENDED BILL

Author: Mendoza Analyst: Jennifer Bettencourt Bill Number: AB 2291
 Related Bills: See Prior Analysis Telephone: 845-5163 Amended Date: March 28, 2008
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Low Cost/Free Spay-Neuter Fund

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced February 21, 2008.
- AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS 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 February 21, 2008, STILL APPLIES.
- OTHER – See comments below.

SUMMARY

This bill would establish and add the Low Cost/Free Spay-Neuter Fund (Fund) to the personal income tax (PIT) return as a voluntary contribution.

SUMMARY OF AMENDMENTS

The March 28, 2008, amendments would clarify the requirements for the Franchise Tax Board (FTB) to complete by September 1 of each subsequent calendar year that the Fund appears on the tax return. The amendments would resolve the “Technical Considerations” as stated in the department’s analysis of the bill as introduced February 21, 2008. An additional technical error has been identified and an amendment has been provided. Other than the “This Bill” and “Technical Consideration” discussion, the remainder of the department’s analysis as introduced February 21, 2008, still applies.

Board Position:	Asst. Legislative Director	Date
<input type="checkbox"/> S		
<input type="checkbox"/> SA		
<input type="checkbox"/> N		
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<input type="checkbox"/> NAR		
<input checked="" type="checkbox"/> PENDING	Patrice Gau-Johnson	4/7/08

ANALYSIS

THIS BILL

This bill would establish and add the Low Cost /Free Spay-Neuter Fund (Fund) to the PIT return as a voluntary contribution. Taxpayers would be able to designate their own funds, not tax liability, for contribution to the Fund on their PIT returns in full dollar amounts of \$1 or more. Each signatory on a joint return may make the contributions individually. The designations for any taxable year must be made on the original return for the taxable year and, once made, are irrevocable. A deduction, subject to the itemized deduction rules applicable to individuals, would be allowed for a contribution made pursuant to this bill.

Contributions to the Fund, which are allocated to municipal shelters, would be used to provide low cost or free spay-neuter services. This bill would define "municipal shelter" as a city or county animal control agency or shelter.

This bill would specify that if the taxpayer's payments and credits reported on the PIT return fail to exceed the tax liability, the designation on the return would be treated as if no designation has been made.

This bill contains language that would require FTB to revise the tax return to include a designation space for the Fund beginning with the first taxable year another voluntary contribution fund is removed, thereby making this fund a contingent voluntary contribution fund. It is assumed the Fund would be first placed on the PIT return for the 2008 taxable year. The remainder of the "This Bill" discussion reflects this assumption.

Beginning with contributions made in 2010, this bill would require the Fund to meet a minimum contribution amount for each calendar year. The "minimum contribution amount for a calendar year" is defined as \$250,000 for contributions made in 2010 or an amount adjusted for inflation for contributions made in subsequent years. The law authorizing designations to this fund would be repealed if contributions made under this bill fail to meet the minimum contribution amount.

If the Fund first appeared on the 2008 PIT return, it would remain on the PIT return until January 1, 2013, in this case the 2012 PIT return, unless a later enacted statute deletes or extends that date, and provided that it meets the annual minimum contribution requirement. This bill would require FTB to do the following by September 1 of each subsequent calendar year that the Fund appears on the tax return:

- Determine the minimum contribution amount required to be received during the next calendar year for the fund to remain on the return.
- Notify the Department of Food and Agriculture in writing of the minimum contribution amount required for the next calendar year.
- Determine if the amount of contributions estimated to be received during the current calendar year will equal or exceed the minimum contribution amount required for that calendar year.

FTB would be required to notify the State Controller of both the amount of money paid by taxpayers in excess of their tax liability and amount of refund money they have contributed to the Fund.

This bill would require the State Controller to transfer money designated for this fund by taxpayers from the Personal Income Tax Fund to the Low Cost/Free Spay-Neuter Fund. Upon appropriation by the Legislature, the monies from this fund would be allocated as follows:

1. FTB and the Controller for reimbursement of costs incurred in administering the fund.
2. The Department of Food and Agriculture for allocation to municipal shelters.

TECHNICAL CONSIDERATION

This bill should specify that the requirements outlined for FTB to complete by September 1 should begin with September 1 of the second calendar year. Amendment 1 has been provided to resolve this issue.

LEGISLATIVE STAFF CONTACT

Legislative Analyst
Jennifer Bettencourt

(916) 845-5163

jennifer.bettencourt@ftb.ca.gov

Revenue Manager
Rebecca Schlussler

(916) 845-5986

rebecca.schlussler@ftb.ca.gov

Asst. Legislative Director
Patrice Gau-Johnson

(916) 845-5521

patrice.gau-johnson@ftb.ca.gov

Analyst Jennifer Bettencourt
Telephone # 845-5163
Attorney Patrick Kusiak

FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 2291
As Amended March 28, 2008

AMENDMENT 1

On page 4, strikeout lines 9 - 11, and insert:

(b)(1) By September 1 of the second calendar year, and by September 1 of each subsequent calendar year that the Low Cost/Free Spay-Neuter Fund appears on a tax return, the Franchise Tax Board shall do all of the following: