

SUMMARY ANALYSIS OF AMENDED BILL

Author: Fletcher Analyst: Matthew Cooling Bill Number: AB 1088
 Related Bills: See Prior Analysis Telephone: 845-5983 Amended Date: January 4, 2010
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: California Veterans Fund

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 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 27, 2009, STILL APPLIES.

OTHER – See comments below.

SUMMARY

This bill would allow taxpayers to make voluntary contributions to the California Veterans Fund on their state personal income tax returns.

SUMMARY OF AMENDMENTS

The January 4, 2010, amendments named the fund for voluntary contribution designations the “California Veterans Fund.” The “Economic Impact” section has been revised to reflect the change in the effective and operative date.

Except for the “Effective/Operative Date” and “Economic Impact” sections, the remainder of the department’s analysis of the bill as introduced February 27, 2009, still applies.

EFFECTIVE/OPERATIVE DATE

Assuming enactment in 2010, this bill would be effective on January 1, 2011, and operative as of that date. As such, this fund would first appear on the 2010 personal income tax return filed in 2011.

Board Position:	Asst. Legislative Director	Date
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POSITION

Pending.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue losses:

Estimated Revenue Impact of AB 1088 Effective On or After January 1, 2011 Enactment Assumed After June 30, 2010		
2009-10	2010-11	2011-12
No Impact	No Impact	-\$15,000

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

Revenue Discussion

The revenue impact of this bill would be determined by the amount of contributions to the California Veterans Fund and the subsequent claim of such charitable contributions as itemized deductions. This analysis assumes this fund would be officially designated for returns starting with the tax year 2011, contributions would be claimed when the return is filed in the following year, and the minimum level of contributions (\$250,000) would be achieved each year.

If an itemized deduction is claimed for every dollar contributed to the fund and affected taxpayers have an average marginal tax rate of 6 percent, the estimated revenue loss of this bill would be approximately \$15,000 annually (\$250,000 x 6%).

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