

BILL ANALYSIS

Analyst: Matthew Cooling
Work Phone: 845-5983

Department, Board, Or Commission	Author	Bill Number
Franchise Tax Board	Yamada, et al.	AB 292

SUBJECT

California Alzheimer's Disease And Related Disorders Research Fund/Extend Repeal Date To January 1, 2015

SUMMARY

This bill would extend the repeal date of the Alzheimer's Disease and Related Disorders Research Fund from January 1, 2010, to January 1, 2015.

PURPOSE OF BILL

According to the author's office, the purpose of this bill is to continue to provide funding for the conduct of research regarding the cause, prevention, diagnosis, cure, and treatment of Alzheimer's disease and related disorders.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative beginning on or after January 1, 2010.

ANALYSIS

FEDERAL/STATE LAW

Current federal tax law provides a check-off to direct \$3 of a taxpayer's tax liability to the Presidential Campaign Fund. Designation of the \$3 amount does not affect a taxpayer's tax liability or refund amount.

Current state tax law allows taxpayers to make contributions of their own funds (not tax liability) on their tax returns to any of the 15 voluntary contribution funds (VCF) listed on the 2008 state personal income tax return (return).

With the following exceptions, VCFs remain on the return until they are either repealed or fail to meet their minimum contribution amount:

- Except for the California Seniors Special Fund, which has no sunset date, each VCF has a specific sunset date.
- Except for the California Seniors Special Fund, the California Firefighters Memorial Fund, and the California Peace Officer Memorial Foundation Fund, each VCF must meet an initial minimum contribution amount of \$250,000.
- Except for the California Fund For Senior Citizens, each of the remaining VCF minimum contribution amounts is adjusted annually for inflation.

Brian Putler, FTB Contact Person (916) 845-6333 (Office)	Executive Officer Selvi Stanislaus	Date 08/26/09
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The annual inflation adjustment is based on the percentage change in the California Consumer Price Index. The Franchise Tax Board (FTB) is required to make the following two determinations for each VCF by September 1 of each calendar year:

1. The minimum contribution amount required for the VCF to remain on the return for the following calendar year, and
2. Whether estimated contributions to the VCF will be less than the minimum contribution amount for that calendar year.

If FTB estimates that a VCF will fail to meet or exceed the minimum contribution amount for a calendar year, that VCF is repealed effective January 1 of that calendar year.

THIS BILL

This bill would extend the operation of the California Alzheimer's Disease and Related Research Fund from January 1, 2010, to January 1, 2015. Thus, this fund would last appear on personal income tax returns filed for the 2014 taxable year.

This bill would also update legislative findings related to statistical information about Alzheimer's and other dementia related diseases, including the number of people affected and the cost of caring for people afflicted by these diseases.

This bill would require money transferred to the California Alzheimer's Disease and Related Disorders Research Fund to be allocated to the appropriate state department as established by the Secretary of California Health and Human Services. Currently, funds are allocated to the appropriate state department as established by the Secretary of the Health and Welfare Agency.

LEGISLATIVE HISTORY

AB 1049 (Torrico, 2009/2010) would create a VCF designation on the personal income tax return for taxpayers to contribute to the Safely Surrendered Babies Fund. This bill is currently in the Senate Rules Committee.

AB 1088 (Fletcher, 2009/2010) would create a VCF designation on the personal income tax return for taxpayers to contribute to the Morale, Welfare, and Recreation Fund for each of the veterans' homes, as provided. This bill is being held in the Assembly Veterans Affairs Committee.

SB 91 (Correa, 2009/2010) would extend the repeal date of the California Fund for Senior Citizens from January 1, 2010, to January 1, 2015. This bill is currently in the Assembly Revenue and Taxation Committee.

SB 516 (DeSaulnier, 2009/2010) would create a VCF designation on the personal income tax return for taxpayers to contribute to the California Fund for Youth. This bill is currently being held at the Assembly Desk.

PROGRAM BACKGROUND

The California Alzheimer’s Disease and Related Disorders Research Fund first appeared on the 1987 personal income tax return. The minimum contribution amount for this fund each calendar year is \$250,000, indexed for inflation since calendar year 2000. In the past three calendar years, the fund has received the following total annual contributions:

2006	2007	2008
\$465,871	\$485,401	\$505,510

Because the minimum contribution amount is adjusted for inflation, the California Alzheimer’s Disease and Related Disorders Research Fund would need to receive \$328,357 in contributions to remain on the 2009 return filed in 2010.

OTHER STATES’ INFORMATION

Illinois allows taxpayers to designate personal funds to the Alzheimer’s Disease Research Fund on the state personal income tax return.

New York allows taxpayers to designate personal funds to the Alzheimer’s Disease Assistance Fund on the state personal income tax return.

Massachusetts, Michigan, and Minnesota allow for taxpayer contribution designations on the personal income tax returns; however, none of these states provide a voluntary contribution comparable to the one discussed in this bill.

The laws of these states were reviewed because their tax laws are similar to California’s income tax laws.

FISCAL IMPACT

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

ECONOMIC IMPACT

Revenue Estimate

Based on data and assumptions discussed below, the revenue loss from this bill would be as follows:

Estimated Revenue Impact of AB 292 Effective On or After January 1, 2010 Enactment Assumed After June 30, 2009		
2009-10	2010-11	2011-12
No Impact	-\$20,000	-\$20,000

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 Alzheimer's Disease and Related Disorders Research Fund and the subsequent claim of those charitable contributions as itemized deductions. This analysis assumes this fund is officially designated for personal income tax returns starting with the tax year 2010, contributions are claimed when the return is filed in the following year, and the minimum level of contributions (\$328,000) is 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 6.25 percent, the estimated revenue loss of this bill would be approximately \$20,000 annually ($\$328,000 \times 6.25\% \approx \$20,000$).

VOTES

Assembly Floor – Ayes: 79, Noes: 0
Senate Floor – Ayes: 31, Noes: 1
Concurrence – Ayes: 75, Noes: 0

LEGISLATIVE STAFF CONTACT

Matthew Cooling
Franchise Tax Board
(916) 845-5983
matthew.cooling@ftb.ca.gov

Patrice Gau-Johnson
Franchise Tax Board
(916) 845-5521
patrice.gau-johnson@ftb.ca.gov