

SUMMARY ANALYSIS OF AMENDED BILL

Author: Hayashi Analyst: Matthew Cooling Bill Number: AB 658
 Related Bills: See Prior Analysis Telephone: 845-5983 Amended Date: January 13, 2010
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Voluntary Contribution Fund Designation/California Police Activities League Fund

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended January 4, 2010.
- 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/AMENDED _____ STILL APPLIES.
- OTHER – See comments below.

SUMMARY

This bill would allow taxpayers to make voluntary contributions to the California Police Activities League (CALPAL) Fund on their state personal income tax returns.

SUMMARY OF AMENDMENTS

The January 13, 2010, amendments removed the requirement for the Franchise Tax Board (FTB) to provide a formula for allocation of the CALPAL Fund based on the taxpayers' reported zip codes. These amendments would require the FTB to produce an annual report providing the amount of contributions per zip code within the state for CALPAL to calculate the allocation of the CALPAL fund to each of the local chapters.

In addition, the January 13, 2010, amendments revised the minimum contribution and annual fund estimation provisions to provide greater consistency with existing voluntary contribution designations.

Board Position:	Asst. Legislative Director	Date
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<input type="checkbox"/> SA		
<input type="checkbox"/> N		
<input type="checkbox"/> NA		
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<input checked="" type="checkbox"/> PENDING	Patrice Gau-Johnson	02/22/10

As a result of the amendments, the “This Bill,” “Implementation Considerations,” and “Fiscal Impact” discussions have been revised and are provided below. This bill, as amended, would resolve the department’s implementation and technical considerations. Except for the revisions discussed, the department’s previous analysis of the bill as amended January 4, 2010, continues to apply. The “Economic Impact” discussion has been provided below for convenience.

POSITION

Pending.

ANALYSIS

THIS BILL

This bill would establish the CALPAL Fund and would allow taxpayers to designate their own funds (not tax liability) for contribution to the fund on their personal income tax 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 initial return for the taxable year and, once made, are irrevocable.

For the second taxable year the fund is on the return, this bill would require the fund to meet the \$250,000 minimum contribution test. The FTB would be required to estimate by September 1 of any calendar year after the first taxable year the fund appears on tax returns that contributions made under this bill will be less than \$250,000 (as indexed for inflation beginning the third calendar year). The law authorizing designations for this fund would be repealed if contributions made under this bill would be less than the minimum contribution amount.

This bill would require the CALPAL Fund designation to be added to the queue as a contingent voluntary contribution F designation.¹ This bill would allow the voluntary contribution designation to remain on the personal income tax return for five years unless a later enacted statute deletes or extends that date.

This bill would specify that if payments and credits reported on the return do not exceed the taxpayer's liability, then the taxpayer's return shall be treated as if no designation has been made. If no designee is specified, a designated contribution amount would be transferred to the General Fund.

This bill would require the CALPAL to allocate the moneys collected to the various local area chapters of the CALPAL. The allocation would be based on the table published annually by the FTB that shows the contributions to each fund by zip code. The table is made available on the FTB's public Web site under the voluntary contribution pages.

¹ A contingent voluntary contribution designation is a voluntary contribution designation that contains specific language stating that it may not be added to the return until another voluntary contribution designation is removed from the return.

This bill would require the Controller to transfer money designated for this fund by taxpayers from the Personal Income Tax Fund to the CALPAL.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would require some changes to existing tax forms and instructions and information systems, which could be accomplished during the normal annual update

FISCAL IMPACT

Because the January 13, 2010, amendments resolved the implementation concerns addressed in the analysis of the bill as amended January 4, 2010, this bill would not impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue losses:

Estimated Revenue Impact of AB 658 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.

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%).

LEGISLATIVE STAFF CONTACT

Legislative Analyst
Matthew Cooling
(916) 845-5983
matthew.cooling@ftb.ca.gov

Revenue Director
Monica Trefz
(916) 845-4002
monica.trefz@ftb.ca.gov

Asst. Legislative Director
Patrice Gau-Johnson
(916) 845-5521
patrice.gau-johnson@ftb.ca.gov