

SUMMARY ANALYSIS OF AMENDED BILL

Author: Price Analyst: Matthew Cooling Bill Number: SB 1076
 Related Bills: See Prior Analysis Telephone: 845-5983 Amended Date: March 22, 2010
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Arts Council 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 17, 2010, STILL APPLIES.

OTHER – See comments below.

SUMMARY

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

SUMMARY OF AMENDMENTS

The March 22, 2010, amendments would provide an allocation mechanism for the Arts Council to receive the funds designated to the Arts Council Fund, as specified.

As a result of the amendments, the “Implementation Consideration” in the department’s analysis of the bill as introduced February 17, 2010, has been resolved and the “This Bill” discussion has been revised. Except for the revisions discussed, the department’s previous analysis of the bill as introduced February 17, 2010, continues to apply. The “Economic Impact” discussion has been provided below for convenience.

POSITION

Pending.

Board Position:	Asst. Legislative Director	Date
<input type="checkbox"/> S <input type="checkbox"/> NA <input type="checkbox"/> NP <input type="checkbox"/> SA <input type="checkbox"/> O <input type="checkbox"/> NAR <input type="checkbox"/> N <input type="checkbox"/> OUA <input checked="" type="checkbox"/> PENDING	Patrice Gau-Johnson	03/24/10

ANALYSIS

THIS BILL

This bill would establish the Arts Council 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 personal income tax return for the taxable year and, once made, are irrevocable.

This bill would require the Franchise Tax Board (FTB) to revise the personal income tax return to include a designation space for the fund beginning with the first taxable year that another voluntary contribution fund is removed. This designation could be added to the 2010 tax return filed on or after January 1, 2011.

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 is 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 would be less than \$250,000 (as indexed for inflation). 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 allow the voluntary contribution designation to remain on the tax return for five years unless a later enacted statute deletes or extends that date.

Beginning with the third calendar year after the fund appears on the personal income tax return, the FTB would adjust the minimum contribution amount for the fund by September 1, of that year. The minimum contribution amount would adjust according to the California Consumer Price Index (also known as CCPI), as specified.

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 Controller to transfer money designated for this fund from the Personal Income Tax Fund to the Arts Council Fund. Upon appropriation by the Legislature, money would be allocated to the State Controller's Office and the FTB for reimbursement of the costs associated with administering this fund and to the Arts Council, to be awarded as grants for individuals or groups administering art programs as specified in Government Code section 8753.¹

¹ Government Code section 8753 allows, in general, the Arts Council to prescribe regulations for awarding grant money to organizations and individuals that promote the arts.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue losses:

Estimated Revenue Impact of SB 1076 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 Manager
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