

SUMMARY ANALYSIS OF AMENDED BILL

Author: Huffman, et al. Analyst: Brian Werking Bill Number: AB 1589
 Related Bills: See Prior Analysis Telephone: 845-5103 Amended Dates: August 21, and 24, 2012
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Parks Pass Purchase On The Individual Return/Charitable Contribution For Deposit In Excess Of Purchase

SUMMARY

This bill would do the following:

- Allow individual taxpayers to purchase annual California park day use access passes (Parks Passes) on the tax return by designating a portion of their refund for that purpose, and
- Allow under the Personal Income Tax Law a charitable contribution deduction for any amount deposited by a taxpayer into the California State Parks Protection Fund (Fund) in excess of the price of the parks passes received.

This bill would also make changes to the Public Resources Code relating to state parks. These changes do not affect the department and are not discussed in this analysis.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The August 21, 2012, amendments would add two co-authors and would further specify what an individual would be entitled to receive if a Parks Pass is purchased.

The August 24, 2012, amendments would make changes to the Revenue and Taxation Code as it relates to property taxes. This amendment would not impact the department’s programs or operations.

As a result of the amendments, the “This Bill” section of the department’s analysis of this bill as amended July 6, 2012 has been revised. The remainder of that analysis still applies. The “Fiscal Impact,” “Economic Impact,” and “Policy Concerns” sections have been restated for convenience.

Board Position:	Legislative Director	Date
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ANALYSIS

THIS BILL

This bill would establish the State Parks Protection Fund and would allow taxpayers to designate their own funds (not tax liability) for contribution to the fund on their returns in full dollar amounts of \$1 or more. The designations for any taxable year must be made on the initial return for the taxable year and, once made, are irrevocable.

A taxpayer that makes a contribution that equals or exceeds the price of a Parks Pass would be entitled to receive a Parks Pass from the Department of Parks and Recreation (DPR). The Parks Pass would provide the passholder with unlimited day use access to California state parks that are accessible with a vehicle day use annual pass, and shall be valid for one year beginning on the date of issuance.

The price of the Parks Pass would be determined by the DPR annually, and reported to the Franchise Tax Board (FTB) to be included in the individual personal income tax forms and instruction booklets.

This bill would require the FTB to revise the return to include a designation space for the Fund beginning with the 2012 tax return filed on or after January 1, 2013.

The FTB would be required to provide the DPR necessary information, including the names and addresses of individual taxpayers who contributed to the Fund on their returns, so that the DPR may contact purchasers and implement a procedure to distribute Parks Passes.

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 each 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). The law authorizing designations for this fund would be repealed if contributions made under this bill will be less than the minimum contribution amount.

Beginning with the third calendar year after the fund appears on the 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 the CCPI).

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 specify that if an individual designates a contribution to more than one account or fund listed on the tax return, and the amount available is insufficient to satisfy the total amount designated, the contribution shall be allocated among the designated accounts on a pro rata basis.

This bill would require the Controller to transfer money designated for this Fund by taxpayers from the Personal Income Tax Fund to the State Parks Protection Fund. Upon appropriation by the Legislature, monies would be transferred from this fund to the State Controller's Office and the FTB for reimbursement of the costs associated with administering this fund. The remaining monies would be allocated to the DPR.

FISCAL IMPACT

Staff estimates costs of approximately \$50,000 in fiscal year 2012/2013 for making changes to existing tax forms, instructions and information systems, and the development of a report for the DPR. The FTB would be reimbursed from the Fund for these costs.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue losses:

Estimated Revenue Impact of AB 1589 Creating a California State Park Protection Fund For Contributions Made On or After January 1, 2013 Enactment Assumed After June 30, 2012		
2012-13	2013-14	2014-15
-\$0	-\$20,000	-\$20,000

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

SUPPORT/OPPOSITION¹

Support: Born Free USA, California Hotel and Lodging Association; California Outdoor Recreation Partners; California State Parks Foundation; California Travel Association; County of Mendocino; County of Santa Cruz, Supervisor Neal Coonerty; Family Winemakers of California; Golden Gate Audubon; Humane Society of the United States; Paw Pac; Sierra Club California; State Controller John Chiang; State Park Partners Coalition; and Trust for Public Land.

Opposition: None provided.

¹ As provided in the Senate Floor's analysis of the bill as amended July 6, 2012, at http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_1551-1600/ab_1589_cfa_20120821_220737_sen_floor.html [as of August 23, 2012].

POLICY CONCERNS

Allowing an individual to purchase something from a state agency on the personal income tax return is unprecedented. This bill could establish a new standard for the inclusion of a variety of other non-tax related items on the tax return, thereby complicating tax administration for non-tax reasons.

LEGISLATIVE STAFF CONTACT

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