

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Monning Analyst: Brian Werking Bill Number: AB 971
Related Bills: See Legislative History Telephone: 845-5103 Introduced Date: February 18, 2011
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: California Sea Otter Fund/Extend Repeal Date

SUMMARY

This bill would extend the sunset date of the California Sea Otter Fund another five years.

RECOMMENDATION AND SUPPORTING ARGUMENTS

No position.

PURPOSE OF THE BILL

According to the legislative findings in this bill, the purpose is to continue to provide crucial funding to help scientists examine and understand causes of sea otter mortality, identify key factors limiting population growth and recovery, and work cooperatively and collaboratively with stakeholders to help mitigate and prevent environmental degradation and pollution of the near-shore marine ecosystem.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative on January 1, 2012.

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 2010 state personal income tax returns (returns) to the California Sea Otter Fund (fund).

This fund would remain on the return until the fund is repealed or fails to meet its minimum contribution amount. The sunset date for the fund was January 1, 2011. As a result, the fund has been repealed and will not appear on the 2011 return.

Board Position:

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_____ SA _____ O _____ NAR
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Department Director

Date

Selvi Stanislaus

03/24/11

THIS BILL

This bill would extend the sunset date for the California Sea Otter Fund another five years.

IMPLEMENTATION CONSIDERATION

Department staff has identified the following implementation consideration. Department staff is available to work with the author's office to resolve this concern and other concerns that may be identified.

It appears the intent of the bill is to extend the California Sea Otter fund for an additional five years. The provisions that initially created the fund have expired and were repealed by their own terms on January 1, 2011. As written, the bill would have no affect and would not ensure the fund is included on the 2011 tax return. It is recommended that the bill be amended to address this issue.

LEGISLATIVE HISTORY

AB 233 (Hall, 2011/2012) would establish the California YMCA Youth and Government Fund as a voluntary contribution fund. This bill is currently in the Assembly Appropriations committee.

AB 564 (Smyth, 2011/2012) would establish the Municipal Spay-Neuter Fund as a Voluntary Contribution Fund designation. This bill is scheduled for hearing in the Assembly Revenue and Taxation committee on April 4, 2011.

AB 764 (Swanson, 2011/2012) would establish the Victim-Witness Assistance Fund as a voluntary contribution fund. This bill is scheduled for hearing in the Assembly Revenue and Taxation committee on April 4, 2011.

AB 2485 (Jones/Laird, Stats. 2006, Ch. 296) established the California Sea Otter Fund for taxpayers to designate a contribution on the personal income tax return.

SB 583 (Vargas, 2011/2012) would re-establish the Amyotrophic Lateral Sclerosis/Lou Gehrig's Disease Research Fund as a voluntary contribution fund, originally established by SB 1502 (Steinberg, Stats. 2008, Ch. 354). This bill is scheduled for hearing in the Senate and Governance committee on April 27, 2011.

PROGRAM BACKGROUND

Since 2007, the fund has received the following total annual contributions:

2007	2008	2009	2010	2011 (thru 02/2011)
\$255,088	\$294,966	\$245,145	\$263,543	\$52,779

This fund last appeared on the 2010 tax return.

OTHER STATES' INFORMATION

The states surveyed include: *Illinois, Massachusetts, Michigan, Minnesota, and New York*. These states were selected due to their similarities to California's economy, business entity types, and tax laws.

Illinois allows taxpayers to designate personal funds to the Wildlife Preservation Fund on the state personal income tax return.

Massachusetts allows taxpayers to designate personal funds to the Endangered Wildlife Conservation fund on the state personal income tax return.

Michigan allows for taxpayer contribution designations on the personal income tax return; however, it does not provide a voluntary contribution comparable to the one discussed in this bill.

Minnesota allows taxpayers to designate personal funds to the Nongame Wildlife Fund on the state personal income tax return.

New York allows taxpayers to designate personal funds to the Return a Gift to Wildlife Fund on the state personal income tax return.

FISCAL IMPACT

This bill would not impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

This bill would have no impact on revenue unless the bill is amended to create a new section re-establishing the fund.

SUPPORT/OPPOSITION

Support: Defenders of Wildlife and the Monterey Bay Aquarium

Opposition: None provided by author

ARGUMENTS

Pro: According to the author, this bill seeks to continue to provide crucial funding to help scientists examine and understand causes of sea otter mortality, identify key factors limiting population growth and recovery, and work cooperatively and collaboratively with stakeholders to help mitigate and prevent environmental degradation and pollution of the near-shore marine ecosystem. There are no other dedicated state funding sources available to continue this important work.

Con: There are currently 14 other voluntary contribution funds that appear on the personal income tax return. Some taxpayers may argue that the consistent addition of new funds on the tax return makes the return a cumbersome document, and changes the primary purpose of the tax return from reporting taxes to making charitable contributions. Taxpayers who are inclined to contribute to this cause can do so through other voluntary methods.

LEGISLATIVE STAFF CONTACT

Brian Werking

Legislative Analyst, FTB

(916) 845-5103

brian.werking@ftb.ca.gov

Patrice Gau-Johnson

Asst. Legislative Director, FTB

(916) 845-5521

patrice.gau-johnson@ftb.ca.gov