

ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Simitian Analyst: Brian Werking Bill Number: SB 1359
Related Bills: See Legislative History Telephone: 845-5103 Amended Date: August 24, 2012
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: California Breast Cancer Research Fund And California Cancer Research Fund /
Extend Repeal Date To January 1, 2018

SUMMARY

This bill would extend the repeal date of the California Breast Cancer Research Fund and the California Cancer Research Fund until January 1, 2018.

RECOMMENDATION

No position.

Summary of Amendments

The August 24, 2012, amendments removed provisions related to the Public Resources Code and added provisions that would extend the repeal date of the California Breast Cancer Research Fund and the California Cancer Research Fund (Funds) until January 1, 2018.

This is the department's first analysis of this bill. This analysis only addresses the provisions of the bill that impact the department's programs and operations.

REASON FOR THE BILL

The reason for this bill is to ensure that taxpayers are allowed to continue to contribute amounts in excess of their tax liability for the support of cancer research.

EFFECTIVE/OPERATIVE DATE

As an urgency measure, this bill would be effective and operative immediately upon enactment.

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.

Board Position:

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Executive Officer

Date

Selvi Stanislaus

8/31/12

Current state tax law allows taxpayers to make contributions of their own funds (not tax liability) on their 2011 state personal income tax returns (returns) to either, or both, the California Breast Cancer Research Fund and the California Cancer Research Fund (Funds).

The Funds will remain on the income tax return until either fund is repealed or fails to meet its minimum contribution amount. The repeal date for each of the funds is January 1, 2013. The minimum contribution amount for the California Breast Cancer Research Fund for the 2012 calendar year is \$364,792. The minimum contribution amount for the California Breast Cancer Research Fund for the 2012 calendar year is \$259,061. The minimum contribution amounts for both funds will continue to be adjusted annually for inflation. 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 of the funds by September 1 of each calendar year:

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

If the FTB estimates that either fund will fail to meet or exceed the minimum contribution amount for a calendar year, that fund is repealed effective for taxable years beginning on or after January 1 of that calendar year.

THIS BILL

This bill would extend the sunset date for the Funds, from January 1, 2013, to January 1, 2018. If these funds satisfy the minimum contribution amount for each calendar year through 2017, they would last appear on the personal income tax returns filed for the 2017 taxable year.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the department's programs and procedures.

LEGISLATIVE HISTORY

AB 971 (Monning, Ch. 209, Stats. 2011) extended the repeal date of the Sea Otter Fund designation from January 1, 2011, to January 1, 2016.

SB 164 (Simitian, Ch. 699, Stats. 2011) extended the repeal date of both the State Children's Trust Fund and the Fish and Game Preservation Fund to January 1, 2018.

PROGRAM BACKGROUND

California Breast Cancer Research Fund

The California Breast Cancer Research Fund first appeared on the 1992 taxable year's personal income tax return. The total contributions received for this fund, from January 1, 2012 through July 31, 2012, is \$413,839—exceeding the minimum contribution amount (\$364,792) for the 2012 calendar year.

California Cancer Research Fund

The California Cancer Research Fund first appeared on the 2008 taxable year's personal income tax return. The total contributions received for this fund, from January 1, 2012 through July 31, 2012, is \$405,067—exceeding the minimum contribution amount (\$259,061) for the 2012 calendar year.

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 on their personal income tax return to the Penny Severns Breast, Cervical, and Ovarian Cancer Research Fund.

New York allows taxpayers to designate personal funds on their personal income tax return to the Breast Cancer Research and Education Fund, as well as the Prostate Cancer Research, Detection, and Education Fund.

Massachusetts, Michigan, and Minnesota allow for taxpayer contribution designations on the personal income tax return; 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

This bill would result in the following revenue losses:

Estimated Revenue Impact of SB 1359 For Contributions Made After January 1, 2014 Enactment Assumed After June 30, 2012		
2012-13	2013-14	2014-15
N/A	N/A	-\$40,000

This estimate does not consider the possible changes in employment, personal income, or gross state product that could result from this bill.

SUPPORT/OPPOSITION

Support: None provided.

Opposition: None provided.

ARGUMENTS

Proponents: Some would advocate that these Funds provide substantial funding for cancer research and their continued existence on the tax return will continue to provide much needed funding for cancer research.

Opponents: Some may argue that taxpayers who are inclined to contribute to these causes can do so through other voluntary methods and the continuation of their existence on the tax return makes the return a cumbersome document.

LEGISLATIVE STAFF CONTACT

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