

SUMMARY ANALYSIS OF AMENDED BILL

Author: DeSaulnier Analyst: Brian Werking Bill Number: SB 1571
 Related Bills: See Prior Analysis Telephone: 845-5103 Amended Date: May 25, 2012
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: School Supplies For Homeless Children Fund

SUMMARY

This bill would allow a taxpayer to make a voluntary contribution to the School Supplies for Homeless Children Fund (Fund) on the state personal income tax return.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The May 25, 2012, amendments revised the bill to replace nonprofit public benefit corporations with school districts as the entity eligible to apply for grants, modified the criteria to award grants, and made non-substantive and technical changes. As a result of the amendments, the "Reason For The Bill," and "This Bill" sections of the department's analysis of this bill as amended May 1, 2012, have been revised. The remainder of that analysis still applies. The "Fiscal Impact" and "Economic Impact" sections have been restated for convenience.

REASON FOR THE BILL

It appears from the language of the bill that the purpose is to provide additional funding for school districts for the sole purpose of assisting pupils in California and to provide school supplies and health-related products to homeless children.

ANALYSIS

THIS BILL

This bill would establish the School Supplies for Homeless Children 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. 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.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S <input type="checkbox"/> NA <input checked="" type="checkbox"/> NP <input type="checkbox"/> SA <input type="checkbox"/> O <input type="checkbox"/> NAR <input type="checkbox"/> N <input type="checkbox"/> OUA	Gail Hall	06/25/12

This bill would require the Franchise Tax Board (FTB) to revise the 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 2012 return filed on or after January 1, 2013.

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 each subsequent calendar year after the first taxable year the Fund appears on the tax return that contributions made to the Fund would meet or exceed the \$250,000 minimum contribution (as indexed for inflation). The law authorizing designations for this Fund shall be inoperative if contributions made under this bill are estimated to be less than the minimum contribution amount.

This bill would allow the voluntary contribution designation to remain on the tax return for up to five years unless a later enacted statute deletes or extends that date.

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), 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 by taxpayers from the Personal Income Tax Fund to the School Supplies for Homeless Children Fund. Upon appropriation by the Legislature, money would be transferred from this Fund to the State Controller's Office, the FTB, and the State Department of Education for reimbursement of the costs associated with administering this fund. The remaining funds would be transferred to the State Department of Education, for allocation through a grant process as specified, to school districts to provide school supplies and health-related products to homeless children, subject to the following requirements:

1. A grant shall be awarded in an amount of five thousand dollars (\$5,000) or less, on a first-come, first-served basis.
2. Less than 2 percent of the grant award shall be spent for administrative purposes.
3. A nonprofit organization may partner with participating school districts to provide school supplies and health services for homeless children.

This bill would allow the taxpayer to take an itemized deduction on the state income tax return for the year in which the voluntary contribution is made.

FISCAL IMPACT

This bill would require some changes to existing tax forms and instructions and information systems, which could be accomplished during the normal annual update without cost to the department.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue losses:

Estimated Revenue Impact of SB 1571 For Contributions Made On or After January 1, 2013 Enactment Assumed After June 30, 2012		
2012-13	2013-14	2014-15
N/A	-\$20,000	-\$20,000

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

SUPPORT/OPPOSITION¹

Support: K to College.
California Teachers Association.

Opposition: None on file.

LEGISLATIVE STAFF CONTACT

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¹ As provided in the Senate Floor analysis of the bill as amended May 25, 2012, at <http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_1551-1600/sb_1571_cfa_20120525_170931_sen_floor.html> [as of June 8, 2012].