

SUMMARY ANALYSIS OF AMENDED BILL

Author: Vargas, et al. Analyst: Brian Werking Bill Number: SB 583
 Related Bills: See Prior Analysis Telephone: 845-5103 Amended Dates: May 2 and 11, 2011
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: ALS/Lou Gehrig’s Disease Research Fund/Extend Repeal Date To January 2016 & Establish Minimum Contribution Amount

SUMMARY

This bill would re-establish the Amyotrophic Lateral Sclerosis (ALS)/Lou Gehrig’s Disease Research Fund (Fund) on the personal income tax return as a voluntary contribution fund designation.

RECOMMENDATION AND SUPPORTING ARGUMENTS

No position.

SUMMARY OF AMENDMENTS

The May 2 and 11, 2011, amendments would require the Fund to meet or exceed the \$250,000 minimum contribution test beginning with the second calendar year that the Fund is on the personal income tax return in order for the Fund to remain on the personal income tax return. The amendments also added co-authors.

As a result of the amendments, the department’s “Policy Concerns” as provided in the analysis of the bill as introduced February 17, 2011, have been resolved. The “This Bill” discussion has been revised. The remainder of the prior analysis still applies.

EFFECTIVE/OPERATIVE DATE

This bill would be effective January 1, 2012, and operative as of that date. The Fund could first re-appear on the 2011 personal income tax return filed on or after January 1, 2012.

ANALYSIS

THIS BILL

This bill would re-establish the ALS/Lou Gehrig’s Disease Research Fund by deleting the existing inoperative language and enacting new language. This bill 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.

Board Position:	Asst. Legislative Director	Date
_____ S	_____ NA	<u> X </u> NP
_____ SA	_____ O	_____ NAR
_____ N	_____ OUA	
	Patrice Gau-Johnson	05/12/11

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 or there is space available on the personal income tax return. This designation could be added to the 2011 tax return filed on or after January 1, 2012.

For the second calendar 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 meet the minimum contribution amount (as indexed for inflation). The law authorizing designations for this Fund would be repealed 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 five years and would be repealed as of January 1, 2016, unless repealed earlier due to failure to satisfy the minimum contribution amount, as described above.

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 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 require the Controller to transfer money designated for this Fund by taxpayers from the Personal Income Tax Fund to the State Department of Public Health for allocation to the Amyotrophic Lateral Sclerosis Association to provide research grants for clinical trials and to develop and advance the understanding, techniques, and modalities effective in prevention, cure, screening, and treatment of ALS.

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

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