Franchise Tax Board

ANALYSIS OF ORIGINAL BILL

Author:	Skinner	Analyst:	Dawn Hadid	Bill Number:	AB 1286
Related Bills:	See Legislative History	Telephone:	845-3391	Introduced Date:	February 22, 2013
		Attorney:	Patrick Kusiak	Sponsor:	

SUBJECT: California Breast Cancer Research Fund/Minimum Contribution Amount for Calendar Years 2014 to 2017 Shall be Equal to the Amount for 2013 Calendar Year

SUMMARY

This bill would suspend for calendar years 2014 through 2017 the annual adjustment of the minimum contribution amount requirement for the California Breast Cancer Research Fund (Fund).

RECOMMENDATION

No position.

REASON FOR THE BILL

The reason for the bill is to allow the Fund to remain on the personal income tax return (return) and continue to receive contributions without being subject to the annual minimum contribution requirement.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative on January 1, 2014.

ANALYSIS

FEDERAL/STATE LAW

Current federal tax law provides a true check-off to direct $3 of a taxpayer's tax liability to the Presidential Election 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 2012 state return to the Fund.

Taxpayers contributing to the Fund are allowed to take an itemized deduction on their federal and state income tax returns for the year in which the contribution is made.

Board Position:			Executive Officer	Date
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The Fund remains on the return until it is repealed or fails to meet its minimum contribution amount. The current repeal date for the Fund is January 1, 2018 and the minimum contribution amount for the 2013 calendar year is $371,724. The minimum contribution amount is adjusted annually for inflation, 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 the Fund by September 1 of each year:

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

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contributions to the Fund will fail to meet or exceed the minimum contribution amount for a calendar year, the Fund is repealed effective for taxable years beginning on or after January 1 of that calendar year

THIS BILL

This bill would suspend the annual adjustment of the minimum contribution amount and allow the Fund to remain on the return through the 2017 calendar year subject to the Fund continuing to meet the 2013 calendar year minimum contribution amount of $371,724.

IMPLEMENTATION CONSIDERATIONS

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

LEGISLATIVE HISTORY

SB 1359 (Simitian, Chapter 456, Statutes of 2012) extended the repeal date of the Fund's voluntary contribution check-off from January 1, 2013, to January 1, 2018.

AB 28 (Huffman, Chapter 486, Statutes of 2007) extended the repeal date of the Fund's voluntary contribution check-off from January 1, 2008, to January 1, 2013.

SB 1249 (Alquist, Chapter 645, Statutes of 2006), among other things, eliminated the annual adjustment for the California Fund for Senior Citizens and changed the application of the minimum contribution amount for this Fund.

SB 1365 (Speier, Chapter 484, Statutes of 2002) extended the repeal date of the Fund's voluntary contribution check-off from January 1, 2003, to January 1, 2008.

SB 602 (Alpert, Chapter 337, Statutes of 1997) extended the repeal date of the Fund's voluntary contribution check-off from January 1, 1998, to January 1, 2003, and required the Fund to meet the indexed $250,000 minimum contribution amount.

PROGRAM BACKGROUND

The Fund first appeared on the 1992 return. Since 2009, the Fund has received the following contributions:

2009	2010	2011	2012
$593,276	$519,728	$459,694	$440,771

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 Penny Severns Breast, Cervical, and Ovarian Cancer Research Fund on the state personal income tax return; it also requires that so long as all check-offs except the Diabetes Research Checkoff Fund meet an annual minimum contribution amount of $100,000 the fund will remain on the return.

Michigan allows for taxpayers to designate personal funds on the personal income tax returns; it also requires that so long as all check-offs meet an annual minimum contribution amount of $50,000 in any tax year for two consecutive tax years the check-off will remain on the return. However, it does not provide a voluntary contribution comparable to the one discussed in this bill.

New York allows taxpayers to designate personal funds to the Breast Cancer Research and Education Fund on the state personal income tax return.

Massachusetts and *Minnesota* allow for taxpayer contribution designations on the personal income tax returns; however, neither of these states provide a voluntary contribution comparable to the one discussed in this bill.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

Suspending the annual indexing for this Fund would not impact the state's income tax revenues.

SUPPORT/OPPOSITION [1]

Support: None provided.

Opposition: None provided.

[1] As provided by the Assembly Member Nancy Skinner's Assembly Bill 1286 Fact Sheet as of March 06, 2013.

ARGUMENTS

Proponents: Some may argue that the sustained 2013 minimum contribution amount would provide additional support for breast cancer research by allowing the Fund to continue its existence on the tax return.

Opponents: Some may argue that suspending the annual indexing of the Fund's minimum contribution amount would circumvent the mechanism that allows the various funds to transition on and off the tax return.

LEGISLATIVE STAFF CONTACT

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