

Franchise Tax Board

ANALYSIS OF ORIGINAL BILL

Author: Rodriguez Analyst: Michelle Chan Bill Number: AB 1561

Related Bills: See Legislative History Telephone: 845-6805 Introduced Date: January 29, 2014

Attorney: Bruce Langston Sponsor: _____

SUBJECT: California Firefighters' Memorial Fund & California Peace Officers' Memorial Foundation Fund/Extend Repeal Date To January 1, 2026

SUMMARY

Under the Revenue and Taxation Code, this bill would extend the repeal dates for the California Firefighters' Memorial Fund and the California Peace Officers' Memorial Foundation Fund.

RECOMMENDATION

No position.

REASON FOR THE BILL

The reason for this bill is to ensure that the Foundations¹ are able to continue to receive a critical source of funding for the Firefighters and Peace Officers' Memorial, while continuing to offer Californians an opportunity to honor the public safety officers who have made the ultimate sacrifice.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative January 1, 2015, and would allow the California Firefighters' and California Peace Officers' Memorial Funds to remain on personal income tax returns filed for taxable years 2015 through 2025.

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 monies (not tax liability) on their tax returns to any of the 20 voluntary contribution funds, including the California Firefighters' and the California Peace Officers' Memorial Funds, listed on the 2013 state personal income tax return .

¹ The California Fire Foundation and the California Peace Officers' Memorial Foundation are the official statewide nonprofit, public benefit organizations in receipt of the proceeds from the two funds.

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Taxpayers contributing to the funds are specifically allowed to deduct those contributions on their state income tax returns for the year in which the contribution is made. These contributions may satisfy the requirements under federal law for a charitable contribution deduction.

Generally, funds remain on the tax return until repealed or the fund fails to meet its minimum contribution amount. The California Firefighters and the California Peace Officers' Memorial Funds are currently set to repeal on January 1, 2016 and are not subject to a minimum contribution amount. Absent legislation to extend the repeal date, these funds would last appear on the 2015 tax return filed in 2016.

THIS BILL

This bill would extend the repeal date for the California Firefighters' Memorial Fund and the California Peace Officer Memorial Foundation Fund from January 1, 2016, to January 1, 2026. These funds would last appear on the 2025 tax return.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not impact department operations or programs.

LEGISLATIVE HISTORY

AB 1812 (Arambula, Chapter 160, Statutes of 2008) extended the repeal dates for the California Firefighters' Memorial Fund and the California Peace Officers' Memorial Foundation Fund from January 1, 2011, to January 1, 2016.

AB 483 (Nunez, Chapter 161, Statutes of 2005) extended the repeal dates for the California Firefighters' Memorial Fund and the California Peace Officers' Memorial Foundation Fund from January 1, 2006, to January 1, 2011.

SB 2175 (Burton, Chapter 854, Statutes of 2000) specified that the \$250,000 minimum contribution limitation would apply to the California Firefighters' Memorial Fund and the California Peace Officers' Memorial Foundation Fund *only* if the repeal date is deleted for each fund.

SB 246 (Solis, Chapter 988, Statutes of 1999) extended the repeal date for the California Firefighters' Memorial Fund to January 1, 2006.

SB 1230 (Burton, Chapter 215, Statutes of 1999) established the California Peace Officers' Memorial Foundation Fund as a voluntary contribution on the state personal income tax returns.

AB 1523 (Areias, et al., Chapter 1223, Statutes of 1993) established the California Firefighters' Memorial Fund as a voluntary contribution on the state personal income tax returns.

PROGRAM BACKGROUND

The California Firefighters' Memorial Fund first appeared on the 1993 return, and is not subject to a minimum contribution amount. The following are the total annual contributions for the past three years:

2011	2012	2013
\$157,166	\$152,004	\$126,158

The California Peace Officer's Memorial Foundation Fund first appeared on the 1999 return, and is not subject to a minimum contribution amount. The following are the total annual contributions for the past three years:

2011	2012	2013
\$137,782	\$136,172	\$128,581

OTHER STATES' INFORMATION

The states surveyed include *Florida, 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.

Florida does not have a personal income tax but allows contribution designations on the state's motor vehicle registration and renewal forms. This state does not provide for voluntary contributions comparable to those discussed in this bill.

Illinois, 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 those discussed in this bill.

New York allows taxpayers to designate personal funds to the National September 11 Memorial & Museum at the World Trade Center (9/11 Memorial) Fund on their personal income tax returns.

FISCAL IMPACT

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

ECONOMIC IMPACT

Revenue Estimate

Estimated Revenue Impact of AB 1561 As Introduced January 29, 2014 Assumed Enactment After June 30, 2014		
2014-15	2015-16	2016-17
\$0	\$0	-\$20,000

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

SUPPORT/OPPOSITION²

Support: California Professional Firefighters (CPF) (Co-Sponsor), Peace Officers Research Association of California (PORAC) (Co-Sponsor), California Association of Highway Patrolmen (Co-Sponsor), California Department of Forestry Firefighters (Co-Sponsor).

Opposition: None provided.

ARGUMENTS

Proponents: Some may argue that extending the ability to contribute to these causes would preserve the memory of California's fallen firefighters and peace officers and assist the families they left behind.

Opponents: Some may argue that taxpayers who are inclined to contribute to these causes can do so through other voluntary methods and including funds on the tax return make the return a cumbersome document.

LEGISLATIVE STAFF CONTACT

Michelle Chan

Legislative Analyst, FTB

(916) 845-6805

michelle.chan@ftb.ca.gov

Mandy Hayes

Revenue Manager, FTB

(916) 845-5125

mandy.hayes@ftb.ca.gov

Jahna Carlson

Asst. Legislative Director, FTB

(916) 845-5683

jahna.carlson@ftb.ca.gov

² As noted by the Assembly Member Freddie Rodriguez's Assembly Bill 1561 Fact Sheet as of February 5, 2014.