

SUMMARY ANALYSIS OF AMENDED BILL

Author: Jones-Sawyer, et al. Analyst: Narinder Dosanjh Bill Number: AB 1765
 Related Bills: See Prior Analysis Telephone: 845-5275 Amended Date: June 4, 2014
 Attorney: Bruce Langston Sponsor _____

SUBJECT: Habitat For Humanity Fund

SUMMARY

This bill would allow a taxpayer to make a voluntary contribution to the Habitat for Humanity Fund on the state personal income tax return.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The June 4, 2014, amendments added multiple coauthors, modified the sunset date, and made technical changes. As a result of the amendments, a technical consideration has been identified. Except for the "This Bill" section, the department's analysis of the bill as amended April 2, 2014, still applies. The Economic Impact section has been restated for convenience and the Support/Opposition section has been updated.

THIS BILL

This bill would establish a voluntary contribution designation for the Habitat for Humanity Fund and would allow taxpayers to designate their own monies (not tax liability) for contribution to this 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.

This bill would require the Franchise Tax Board (FTB) to revise the return to include a designation space for the Habitat for Humanity Fund beginning with the first taxable year that another voluntary contribution fund is removed or space is available, whichever occurs first. This designation could be added to the 2014 tax return filed on or after January 1, 2015.

For the second taxable year that the Habitat for Humanity 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 any calendar year after the first taxable year whether the contributions made under this bill would be less than \$250,000 (as indexed for inflation). Beginning with the third calendar year after the fund appears on the return, the FTB would adjust the minimum contribution amount by September 1, of that year. The law authorizing designations would be inoperative on or after January 1 of that calendar year and repealed on December 1 of that calendar year if the estimated contributions are less than the minimum contribution amount.

Board Position: _____ S _____ NA _____ X NP _____ SA _____ O _____ NAR _____ N _____ OUA _____	Asst. Legislative Director Jahna Carlson	Date 6/10/14
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This bill would allow the Habitat for Humanity Fund voluntary contribution designation to remain on the return for five years, or January 2021, whichever occurs first, and would be repealed as December 1 of that year.

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 would be treated as if no designation had been made. If no designee is specified, a designated contribution amount would be transferred to the General Fund.¹

This bill would require the Controller to transfer money designated by taxpayers for the Habitat for Humanity Fund from the Personal Income Tax Fund. Upon appropriation by the Legislature, monies would be transferred from the Habitat for Humanity Fund to the State Controller's Office and the FTB for reimbursement of the associated administrative costs. The remaining monies would be transferred to the Department of Housing and Community Development for distribution to Habitat for Humanity affiliates through a competitive, project-specific grant process and be responsible for overseeing that grant program. Use of grant funds would be limited to the sole purpose of building affordable housing in California.

TECHNICAL CONSIDERATIONS

The language that would provide for transfer of designated contributions to the general fund in the absence of a specified designee is unnecessary since existing state law² provides this general rule.

Amendment 1 would remove this language.

ECONOMIC IMPACT

Revenue Impact

Estimated Revenue Impact of AB 1765 As Amended June 4, 2014 Assumed Enactment After June 30, 2014		
2014-15	2015-16	2016-17
\$0	- \$10,000	- \$10,000

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

¹ See the Technical Considerations section for the recommendation to delete this unnecessary language.

² Revenue and Taxation Code Section 18871(c)(1).

SUPPORT/OPPOSITION³

Support: Habitat for Humanity California (Sponsor)
Habitat for Humanity of the Coachella Valley, Inc.
Habitat for Humanity East Bay/Silicon Valley
Habitat for Humanity of Orange County
Habitat for Humanity Riverside, Inc.
Habitat for Humanity of Tulare County
Pomona Valley Habitat for Humanity

Opposition: None on file.

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³ As noted in the Assembly Revenue and Taxation Committee analysis of AB 1765 dated March 24, 2014.

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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 1765
AS AMENDED June 4, 2014

AMENDMENT 1

On page 3, ~~strikeout~~ lines 2 to 6, inclusive.