

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Wagner Analyst: Dawn Hadid Bill Number: AB 247
Related Bills: See Legislative History Telephone: 845-3391 Introduced Date: February 6, 2013
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: California Fund for Senior Citizens/Extend Repeal Date to December 1, 2020

SUMMARY

This bill would extend the repeal date of the California Fund for Senior Citizens (the Fund) from January 1, 2015, to December 1, 2020.

RECOMMENDATION

No position.

REASON FOR THE BILL

The reason for the bill is to encourage additional contributions toward the Fund; which provides support to the California Senior Legislature that advocates and proposes laws impacting senior citizens.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative January 1, 2014, and would allow the Fund to remain on tax returns filed for taxable years 2015 through 2019 subject to contributions meeting the annual minimum contribution amount.

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 personal income tax 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:

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Executive Officer

Date

Selvi Stanislaus

03/20/13

The Fund remains on the income tax return until it is repealed or fails to meet its minimum contribution amount. The Fund's current repeal date is January 1, 2015, and the minimum contribution amount for a calendar year is fixed at \$250,000.

The Franchise Tax Board (FTB) is required to determine by September 1 of each year 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contributions to the Fund will fail to meet or exceed the minimum contribution amount for a calendar year, the Fund is repealed effective for taxable years beginning on or after January 1 of that calendar year.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 extend the latest repeal date of the Fund from January 1, 2015, to December 1, 2020, and would allow the Fund to remain on the personal income tax return through the 2019 taxable year subject to the Fund satisfying the minimum contribution amount for each calendar year.

Additionally, this bill states that if the Fund fails to meet the minimum contribution amount for a calendar year, it would be inoperative for taxable years beginning on or after January 1 of that calendar year and repealed as of December 1 of that same year.

IMPLEMENTATION CONSIDERATIONS

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

LEGISLATIVE HISTORY

SB 91 (Correa, Chapter 29, Statutes of 2009) extended the repeal date of the Fund's voluntary contribution check-off from January 1, 2010, to January 1, 2015.

SB 1249 (Alquist, Chapter 645, Statutes of 2006) among other things eliminated the annual adjustment of the minimum contribution amount requirement for the Fund and required the FTB to provide written notification to check-offs that fail to meet the minimum contribution amount.

AB 137 (Chavez, Chapter 376, Statutes of 2003) extended the repeal date of the Fund's voluntary contribution check-off from January 1, 2005, to January 1, 2010.

AB 1697 (Commission on Aging, et al., Chapter 228, Statutes of 1999) extended the repeal date of the Fund's voluntary contribution check-off from January 1, 2000, to January 1, 2005, and specified that for taxable years beginning January 1, 2001, the Fund would be required to meet the minimum contribution amount (\$250,000).

SB 1447 (Mello, Chapter 494, Statutes of 1996) extended the repeal date of the Fund's voluntary contribution check-off from January 1, 1997, to January 1, 2000.

PROGRAM BACKGROUND

The Fund first appeared on the 1983 California personal income tax return. Since 2009, the fund has received the following total annual contributions:

2009	2010	2011	2012
\$330,646	\$296,144	\$308,763	\$272,742

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 allows residents to designate contributions to Senior Vision Services when applying or renewing a driver's license or identification card.

Illinois, Massachusetts, Michigan, Minnesota and *New York* allow for taxpayer contribution designations on the personal income tax returns; however, none 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

Estimated Revenue Impact of AB 247 California Fund for Senior Citizens For Contributions Made On or After January 1, 2016 Enactment Assumed After June 30, 2013		
2015-16	2016-17	2017-18
\$0	-\$10,000	-\$10,000

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

SUPPORT/OPPOSITION

Support: None provided.

Opposition: None provided.

ARGUMENTS

Proponents: Some may argue that the Fund provides substantial contributions for assisting senior citizens and its retained existence on the tax return will continue to provide much needed funding.

Opponents: Some may argue that taxpayers who are inclined to contribute to this cause can do so through other voluntary methods and the continuation of the Fund's existence on the tax return increases the perception of the tax return as a more cumbersome document.

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