

BILL ANALYSIS

Department, Board, Or Commission	Author	Bill Number
Franchise Tax Board	Wagner	AB 247

SUBJECT

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

SUMMARY

Under the Revenue and Taxation Code, this bill would extend the repeal date of the California Fund for Senior Citizens voluntary contribution (Senior Citizens Fund) from January 1, 2015, to December 1, 2020.

REASON FOR THE BILL

The reason for the bill is to encourage additional contributions toward the Senior Citizens 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 Senior Citizens 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 monies (not tax liability) on their tax returns to any of the 18 voluntary contribution funds, including the Senior Citizens Fund, listed on the 2012 state personal income tax return (return).

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.

The funds remain on the return until repealed or the fund fails to meet its minimum contribution amount. The Senior Citizens Fund is currently set to repeal on January 1, 2015, and the minimum contribution amount is fixed at \$250,000.

Gail Hall, FTB Contact Person (916) 845-6333 (Office)	Executive Officer Selvi Stanislaus	Date 9/11/13
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The Franchise Tax Board (FTB) is required to determine by September 1 of each year whether estimated contributions to the funds will be less than the minimum contribution amount for that calendar year. If the FTB estimates that contributions to a fund will fail to meet or exceed the minimum contribution amount for a calendar year, the fund is repealed effective for taxable years beginning on or after January 1 of that calendar year.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 Senior Citizens Fund from January 1, 2015, to December 1, 2020, and would allow it to remain on the return through the 2019 taxable year, as long as the minimum contribution amount is met for each calendar year.

Additionally, this bill states that if the Senior Citizens 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.

LEGISLATIVE HISTORY

SB 91 (Correa, Chapter 29, Statutes of 2009) extended the repeal date of the Senior Citizens Fund 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 Senior Citizens Fund and required the FTB to provide written notification to all funds that fail to meet the minimum contribution amount.

AB 137 (Chavez, Chapter 376, Statutes of 2003) extended the repeal date of the Senior Citizens Fund 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 Senior Citizens Fund 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 Senior Citizens Fund from January 1, 1997, to January 1, 2000.

PROGRAM BACKGROUND

The Senior Citizens 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 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.

APPOINTMENTS

None.

SUPPORT/OPPOSITION¹

Support: Alzheimer’s Association, Area 4 Agency on Aging, California Assisted Living Association, California Association for Health Services at Home, California Association of Public Authorities, California Commission on Aging, California Long-Term Care Ombudsman Association, California Senior Leaders Alliance, California Senior Legislature, California State Retirees, Contra Costa County Advisory Council on Aging, County Welfare Directors Association of California, Older Women’s League of California.

¹ As noted in the Senate Floor analysis of AB 247 dated August 14, 2013.

Opposition: Department of Finance

VOTES

Assembly Floor 05/13/13 Y: 75 N: 0

Senate Floor 09/03/13 Y: 38 N: 0

LEGISLATIVE STAFF CONTACT

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