BILL ANALYSIS

Department, Board, Or Commission	Author	Bill Number
Franchise Tax Board	**Liu**	**SB 116**

SUBJECT

Emergency Food for Families Fund/Extend Operation until January 1, 2019

SUMMARY

Under the Revenue and Taxation Code, this bill would extend the operative date of the Emergency Food for Families voluntary contribution Fund (Fund) from January 1, 2014, to January 1, 2019, and extend the repeal date of the Fund until December 1, 2019.

REASON FOR THE BILL

The reason for the bill is to encourage additional contributions toward the Emergency Food Assistance Program that helps local food banks provide food for California families in need.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative on January 1, 2014, and would allow the Fund to remain on tax returns filed on or after that date through the 2018 taxable year if the minimum contribution amount is met.

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 return to any of the 18 voluntary contribution funds, including the Fund, listed on the 2012 state personal income tax return (return).

Taxpayers contributing to the Fund 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The Fund remains on the income tax return until it is repealed or fails to meet its minimum contribution amount.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, 2014, and the minimum contribution amount for the 2012 calendar year is $347,554. The minimum contribution amount is adjusted annually for inflation, based on the percentage change in the California Consumer Price Index.

Gail Hall, FTB Contact Person (916) 845-6333 (Office)	Executive Officer Selvi Stanislaus	Date 8/26/13

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 tax 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 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 Fund's operative date to January 1, 2019, and the repeal date from January 1, 2014, to December 1, 2019. If the Fund satisfies the minimum contribution amount for each calendar year through 2018, it would last appear on the personal income tax returns filed for the 2018 taxable year.

LEGISLATIVE HISTORY

SB 1101 (Cedillo, Chapter 203, Statutes of 2008) changed the name of the designation from "Emergency Food Assistance Program" to "Emergency Food for Families" and extended the Fund's repeal date from January 1, 2009, to January 1, 2014.

SB 1249 (Alquist, Chapter 645, Statutes of 2006) changed the application of the minimum contribution amount for this Fund and 11 others.

SB 43 (Cedillo, Chapter 317, Statutes of 2003) extended the repeal date of the Emergency Food Assistance Program Fund to January 1, 2009.

AB 2366 (Cedillo, Chapter 818, Statutes of 1998) established the Emergency Food Assistance Program Fund allowing individuals to make voluntary contribution designations on their personal income tax returns.

PROGRAM BACKGROUND

The Emergency Food for Families Fund first appeared on the 1998 return. Since 2008, the Fund has received the following total annual contributions:

2008	2009	2010	2011	2012
$438,582	$592,733	$487,333	$598,157	$551,515

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 on their personal income tax return to the Hunger Relief Fund.

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 SB 116 Assumed Enactment After June 30, 2013		
2014-15	2015-16	2016-17
N/A	- $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/OPPOSITION[1]

Support: California Association of Food Banks, Alameda County Community Food Bank, CalCom UI, California Catholic Conference, Inc., California Food Policy Advocates, County Welfare Directors Association of California, Feeding America San Diego, Food Bank of Yolo County, Food for People, Inc., Hunger Advocacy Network, Jewish Family Services of San Diego, Junior Leagues of California, Los Angeles Regional Food Bank, Marin Food Bank, Orange County Food Bank, Public Counsel, San Diego Hunger Coalition, San Francisco Food Bank, Second Harvest Food Bank, St. Anthony Foundation, The Jacobs & Cushman San Diego Food Bank, Western Center on Law & Poverty.

[1] As noted in the Senate Rules Committee SB 116 bill analysis dated August 21, 2013.

Opposition: Department of Finance

VOTES

Concurrence	08/22/13	Y: 37	N: 0
Assembly Floor	08/19/13	Y: 77	N: 0
Senate Floor	05/13/13	Y: 34	N: 0

LEGISLATIVE STAFF CONTACT

Contact	Work
Marybel Batjer, Agency Secretary, CalGovOps	916-651-9011
Reginald Fair, Agency Legislative Director	916-653-2656
Selvi Stanislaus, Department Director	916-845-4543
Gail Hall, Legislative Director	916-845-6333