

SUMMARY ANALYSIS OF AMENDED BILL

Author: Lara, et al. Analyst: Diane Deatherage Bill Number: SB 323
 Related Bills: See Prior Analysis Telephone: 845-4783 Amended Date: April 16, 2013
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Exempt Organizations/ Disallow Tax-Exempt Status to Discriminating Organizations

SUMMARY

This bill would require that the Franchise Tax Board (FTB) disallow or revoke the tax-exempt status of public charity organizations that discriminate.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The amendments to the bill added:

- Several coauthors and principal coauthors.
- Language authorizing the FTB to confirm that an organization seeking state tax-exempt status based solely on its federal tax-exempt status is compliant with the provisions of this bill.

The April 16, 2013, amendments resolved one of the department’s implementation considerations in the department’s analysis dated April 4, 2013. Three other implementation considerations previously discussed were removed because the department determined these issues could be resolved administratively. The remaining implementation consideration, “Fiscal Impact”, and “Economic Impact” are provided for convenience. The remainder of the department’s analysis of the bill as introduced February 19, 2013, still applies.

IMPLEMENTATION CONSIDERATIONS

The department has identified the following implementation concern. Department staff is available to work with the author’s office to resolve this and any other concerns that may be identified.

Board Position:	Legislative Director	Date
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Under this bill, a donor's charitable contribution deduction would be unaffected if an organization's California tax-exempt status was denied or revoked as the charitable contribution deduction is Controlled by federal law.¹ If this is contrary to the author's intent, the author may wish to amend the bill.

FISCAL IMPACT

If this bill is amended to resolve the implementation consideration addressed in this analysis, the bill would not impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

While it is estimated that there are approximately 7,400 organizations that could potentially be affected by this bill, staff was unable to determine the number that discriminate upon the basis specified in this proposal. For each organization determined to discriminate, it is estimated the revenue generated per taxpayer would be approximately \$1,000 per open tax year. Taxpayers generally have one to four open tax years, depending on when they were organized and when they filed their returns.

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

SUPPORT/OPPOSITION

Support: Equality California, Los Angeles Gay and Lesbian Center, California National Organization for Women, City of West Hollywood, and American Civil Liberties Union of California.

Opposition: Cavalry Assembly of God, Capitol Resource Institute, First Christian Church, Lighthouse Baptist Church, Pacific Justice Institute, Traditional Values Coalition, and 36 individuals.

LEGISLATIVE STAFF CONTACT

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¹ Internal Revenue Code §170(c)(2).