

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Burton Analyst: Kristina E. North Bill Number: SB 2175

Related Bills: See Prior Analysis Telephone: 845-6978 Amended Date: August 29, 2000

Attorney: Patrick Kusiak Sponsor:

SUBJECT: Peace Officer Memorial Foundation Fund and California Firefighters' Memorial Fund

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED AUGUST 18, 2000, STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

Under the Administration of Franchise and Income Tax Law, this bill would specify that a \$250,000 minimum contribution limitation would apply to the California Peace Officer Memorial Fund (Peace Officer Fund) and the California Firefighters' Memorial Fund (Firefighter's Fund) only if the repeal date is deleted for each fund.

SUMMARY OF AMENDMENT

The August 29, 2000, amendment added the Firefighters' Fund as discussed in this analysis.

Except for this change, the additional legislative history, the revised policy consideration and the new revenue estimate, the remainder of the department's analyses of the bill as amended August 24, 2000, still applies. The board position is restated.

LEGISLATIVE HISTORY

SB 246 (Stats. 1999, Ch. 988) extended to January 1, 2006, the repeal date for the Firefighters' Fund and allows the funds donated to the fund to be used to maintain, in addition to construct, a firefighter memorial on State Capitol grounds.

SB 532 (Stats. 1997, Ch. 596) specified that the Firefighters' Fund would be subject to a \$100,000 minimum contribution limitation for taxable year 1999 and a \$250,000 minimum contribution limitation for taxable year 2000.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

Johnnie Lou Rosas

9/15/00

SB 209 (Stats. 1995, Ch. 206) specified that the Firefighters' Fund would not be subject to the \$250,000 minimum contribution limitation.

AB 1523 (Stats. 1993, Ch. 1223) established the Firefighters' Fund.

Policy Consideration

Under current state tax law, these funds would be removed from the tax year 2000 personal income tax return for failing to meet the minimum contribution amount of \$250,000. The Franchise Tax Board (FTB) must estimate by September 1 whether the minimum amount will be met by using the actual amount contributed to date and an estimate of the remaining year's contributions. As of July 1, 2000, \$106,557 and \$115,946 had been contributed to the Peace Officer Fund and the Firefighters' Fund, respectively. The Legislature imposed the minimum contribution test on voluntary contributions to allow only those voluntary contribution funds that perform at or above a specified level to remain on the return. Generally, repeal dates are not deleted. This bill would allow the Peace Officer Fund and the Firefighters' Fund to remain on the state income tax return without having to meet the minimum contribution test applicable to other voluntary contribution funds until the statutes authorizing the funds are automatically repealed or the repeal dates are deleted.

Tax Revenue Estimate

Potential revenue losses from this bill would be very minor, less than \$15,000 annually for each of the two voluntary contribution funds. The loss would result from itemized deductions for the contributions.

Tax Revenue Discussion

Assuming contributors itemize deductions and do not reduce other charitable contributions and by applying an average marginal tax rate of 6%, the annual revenue loss would be less than \$15,000 for each of the two voluntary contribution funds.

BOARD POSITION

Pending.