

SUMMARY ANALYSIS OF AMENDED BILL

Author: Jones Analyst: Diane Deatherage Bill Number: AB 1944
Related Bills: See Prior Telephone: 845-4783 Amended Date May 16, 2016
Analysis Attorney: Bruce Langston Sponsor: _____

SUBJECT: Exclusion/Medals, Prize Money or Honoraria from Olympic or Paralympic Games

SUMMARY

This bill would provide an exclusion from gross income under the Personal Income Tax Law.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The May 16, 2016, amendments modified the operative and repeal dates.

Except for the “Effective/Operative Date,” “This Bill,” and “Support/Opposition,” sections, the remainder of the department’s analysis of the bill as introduced February 12, 2016, still applies. The “Fiscal Impact” and “Economic Impact” sections are restated for convenience.

EFFECTIVE/OPERATIVE DATE

As a tax levy, this bill would be effective immediately upon enactment and specifically operative for taxable years beginning on or after January 1, 2016, and before January 1, 2021.

THIS BILL

For taxable years beginning on or after January 1, 2016, and before January 1, 2021, this bill would exclude from gross income the value of any medal given by the International Olympic Committee, and any prize money or honoraria received from the United States Olympic Committee on account of the Olympic or Paralympic Games.

This exclusion would be repealed by its own terms as of December 1, 2021.

FISCAL IMPACT

This bill would not impact the department’s costs.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue loss:

| Estimated Revenue Impact of AB 1944 As Amended May 16, 2016 Assumed Enactment After June 30, 2016 | | |
|---|-----------|-----------|
| 2016-17 | 2017-18 | 2018-19 |
| - \$100,000 | - \$6,000 | - \$4,000 |

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

Revenue Discussion

Based upon data from the United States Olympic Committee, the Franchise Tax Board estimates California athletes will receive medals, prize money, and honoraria valued at approximately \$1.3 million during the Summer Olympics/Paralympic games that will be held in 2016 and approximately \$120,000 during the Winter Olympics/Paralympic games that will be held during 2018. Applying an eight-percent marginal tax rate would result in an estimated revenue loss of \$100,000 in 2016 and \$10,000 in 2018. The estimate assumes future Summer and Winter Olympic/Paralympic performances for California athletes will be comparable to past performances. The tax-year estimates are converted to fiscal-year estimates and are reflected in the table above.

SUPPORT/OPPOSITION¹

Support: San Diego Regional Chamber of Commerce and San Francisco Chamber of Commerce.

Opposition: None provided.

LEGISLATIVE STAFF CONTACT

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¹ Assembly Revenue and Taxation Committee analysis, dated May 5, 2016.