Franchise Tax Board

SUMMARY ANALYSIS OF AMENDED BILL

Author:	Cooley	Analyst:	Narinder Dosanjh	Bill Number:	AB 924
Related Bills:	See Prior Analysis	Telephone:	845-5275	Amended Date:	April 13, 2015
		Attorney:	Bruce Langston	Sponsor	

SUBJECT:	State Children's Trust Fund for the Prevention of Child Abuse

SUMMARY

Under the Personal Income Tax Law, this bill would reenact the voluntary contribution to the State Children's Trust Fund for the Prevention of Child Abuse (State Children's Trust Fund) on the state personal income tax return.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The April 13, 2015, amendments added a sunset date and removed provisions that would have required this voluntary contribution fund to be listed first on the tax return. The amendments also added provisions that would establish an annual minimum contribution requirement. As a result of the amendments, the "Policy Concerns" as provided in the department's analysis of the bill as amended March 26, 2015, have been resolved, and the "Effective/Operative Date" and "This Bill" sections of the analysis have been revised. The remainder of the analysis still applies. The "Economic Impact," section has been restated for convenience.

EFFECTIVE/OPERATIVE DATE

This bill would be effective on January 1, 2016, and operative as of that date. If another fund is removed or if space is available, the State Children's Trust Fund could first appear on the 2015 return filed on or after January 1, 2016.

THIS BILL

This bill would establish the State Children's Trust Fund and would allow taxpayers to designate their own funds (not tax liability) for contribution to this fund on their personal income tax returns in full dollar amounts of $1 or more. Each signatory on a joint return may make the contributions individually. The designations for any taxable year must be made on the initial return for the taxable year and, once made, are irrevocable.

This bill would specify that if payments and credits reported on the return do not exceed the taxpayer's liability, the taxpayer's return would be treated as if no designation had been made. Additionally, if a taxpayer designates a contribution to more than one fund and the amount available for the contribution is insufficient, the contribution would be allocated on a pro rata basis.

Board Position:			Legislative Director	Date
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This bill would require the Franchise Tax Board (FTB) to revise the return forms to include a designation space for the State Children's Trust Fund after another voluntary contribution fund is removed or as soon as space is available. This designation could be added to the 2015 tax return filed on or after January 1, 2016. In addition, this bill would require the return's instructions to include information that the contribution may be in the amount of $1 or more and that the contribution would be used to support child abuse prevention programs with demonstrated success, public education efforts to change adult behaviors and educate parents, innovative research to identify best practices and the replication of those practices to prevent child abuse and neglect.

This bill would allow a charitable contribution deduction on the state income tax return for the year in which a voluntary contribution to this fund is made.

This bill would allow the voluntary contribution designation to remain on the tax return for up to five years, subject to estimated contributions meeting or exceeding the minimum contribution amount, as specified.

For the second calendar year the State Children's Trust Fund is on the return, this bill would require contributions to the State Children's Trust Fund to meet the $250,000 minimum contribution amount. The FTB would be required to estimate by September 1 of each calendar year after the first calendar year the State Children's Trust Fund appears on the return whether contributions made under this bill would be less than $250,000 (as indexed for inflation).

Beginning with the third calendar year after the fund appears on the return, the FTB would adjust the minimum contribution amount by September 1 of that calendar year. The minimum contribution amount would adjust according to the California Consumer Price Index.

If the FTB determines that the amount of the contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, the law authorizing designations for the State Children's Trust Fund would be inoperative as of January 1 of that calendar year and repealed as of December 1st of that year.

The FTB would be required to notify the Controller of the amount to be transferred to the State Children's Trust Fund. Upon appropriation by the Legislature, all money transferred to the State Children's Trust Fund would be required to be allocated in the following order:

- To the FTB and the Controller for reimbursement of all costs incurred in administering the State Children's Trust Fund.
- The remainder to the State Department of Social Services for programs and education to help prevent child abuse and neglect.

Any contribution amounts designated prior to its repeal would continue to be transferred and disbursed in accordance with the law in effect immediately prior to that repeal.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 924 As Amended April 13, 2015 For Contributions Made On or After January 1, 2016 Assumed Enactment After June 30, 2015		
2015-16	2016-17	2017-18
$0	- $8,000	-$8,000

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

Revenue Discussion

This bill would add the State Children's Trust Fund for the Prevention of Child Abuse to the voluntary contribution funds listed on the state's personal income tax return.

This estimate assumes that $250,000 in donations would be made each year and approximately 56 percent of taxpayers who contribute to voluntary contribution funds would itemize their deductions. It is estimated the average tax rate for these taxpayers is six percent, resulting in an estimated revenue loss of approximately $8,000 annually ($250,000 x 56% x 6%).

Contributions would be made in 2016 when the 2015 return is filed. Subsequently, the deduction for such contributions would be claimed on the 2016 return filed by April 15, 2017; therefore, the revenue impact would not occur until fiscal year 2016-17.

SUPPORT/OPPOSITION[1]

Support: Child Abuse Prevention Council of Sacramento, Insights Counseling Group, Kern County Network for Children, KidsFirst, Plumas Crisis Intervention and Resource Center, Prevent Child Abuse California.

Opposition: None on file.

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[1] As noted in the Assembly Revenue and Taxation Committee analysis, dated 04/17/2015.