

Author: Waldron, et al. Analyst: Funmi Obatolu Bill Number: AB 1031
Related Bills: See Prior Telephone: 845-5845 Amended Date April 4, 2017
Analysis Attorney: Bruce Langston Sponsor: _____

SUBJECT: Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund

SUMMARY

This bill would allow taxpayers to make voluntary contributions to the Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund on their state personal income tax returns.

RECOMMENDATION – NO POSITION

SUMMARY OF AMENDMENTS

The April 4, 2017, amendments added continuous appropriation language, removed the indexing requirement, extended the sunset date, and made other technical changes. These amendments resolved the policy concern discussed in the department's analysis of the bill as introduced on February 16, 2017, and created a new policy concern. Additionally, a technical consideration was also identified. As a result of the amendments, the "This Bill," "Economic Impact," and "Policy Concerns" sections have been revised. The remainder of the department's analysis of the bill as introduced on February 16, 2017, still applies. The "Fiscal Impact" section has been restated below for convenience.

THIS BILL

This bill would establish the Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund and would allow taxpayers to designate their own funds (not tax liability) for contribution to the 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.

In addition, this bill would do the following:

- 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.
- Require the Franchise Tax Board (FTB) to revise the return to include a designation space for the Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund. 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: (1) the recovery and rehabilitation of injured, sick, or orphaned wildlife; and (2) conservation education.

- Allow a charitable contribution deduction on the state income tax return for the year in which a voluntary contribution to this fund is made.
- Allow the voluntary contribution designation to remain on the tax return for up to seven years, subject to estimated contributions meeting or exceeding the minimum contribution amount of \$250,000.

If the estimated contributions are less than the \$250,000 minimum contribution amount, the law authorizing designations for the Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund would become inoperative as of January 1 of that calendar year and repealed as of December 1 of that year.

The FTB would be required to notify the Controller of the amount to be transferred to the Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund. Amounts transferred would be continuously appropriated and allocated in the following order:

- To the FTB and the Controller for reimbursement of costs incurred in administering the Fund.
- The balance to the State Department of Fish and Wildlife (Fish and Wildlife) to award grants to nonprofit organizations and for reimbursement of Fish and Wildlife's administrative costs, as specified.

Fish and Wildlife would be required to comply with specified Internet Web site reporting requirements.

TECHNICAL CONSIDERATION

The following amendment should be made because the language is unnecessary because existing state law provides these general rules:

On page 3, line 6, strikeout "if no designee is specified, the" and page 3, strikeout lines 7 to 14, inclusive.

FISCAL IMPACT

The bill would not significantly impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 1031 As Amended on April 4, 2017 Assumed Enactment After June 30, 2017 (\$ in Dollars)		
2017-18	2018-19	2019-20
\$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 Native California Wildlife Rehabilitation Voluntary Contribution Tax Fund to the voluntary contribution funds listed on the state's personal income tax return. The estimate assumes that the fund will meet the minimum contribution each year as specified in the bill.

Approximately 56 percent of taxpayers who contribute to voluntary contribution funds 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.

Contributions would be made in 2018 when the 2017 return is filed. Subsequently, the deduction for such contributions would be claimed on the 2018 return filed by April 15, 2019; therefore, the revenue impact would not occur until fiscal year 2018-19.

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

POLICY CONCERNS

This bill lacks provisions requiring the annual indexing of the renamed fund's minimum contribution amount. Historically, indexing has been used as a mechanism to transition funds on and off the tax return.

LEGISLATIVE STAFF CONTACT

Funmi Obatolu
Legislative Analyst, FTB
(916) 845-5845
funmi.obatolu@ftb.ca.gov

Jame Eiserman
Revenue Manager, FTB
(916) 845-7484
jame.eiserman@ftb.ca.gov

Diane Deatherage
Legislative Director, FTB
(916) 845-6333
diane.deatherage@ftb.ca.gov