



Summary Analysis of Amended Bill

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Sponsor:

Bill Number: AB 2096

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Amended: April 24, 2018

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Related Bills: See Prior Analysis

Subject: Organ and Tissue Donor Registry Voluntary Tax Contribution Fund

Summary

This bill would allow a taxpayer to make a voluntary contribution to the Organ and Tissue Donor Registry Voluntary Tax Contribution Fund on the state personal income tax return.

Recommendation – No position.

Summary of Amendments

The April 24, 2018, amendments modified the name of the voluntary tax contribution fund, added language to include the administering agency's reporting requirements, the fund's minimum contribution amount, and the fund sunset and operative date. As a result of the amendments, the department's implementation consideration and policy concern discussed in the department's analysis of the bill as amended on March 20, 2018, were resolved and one technical consideration was identified. Except for the "Effective/Operative Date," "This Bill," "Implementation Considerations," "Technical Considerations," and "Policy Concerns" sections, the remainder of the department's analysis of the bill as amended on March 20, 2018, still applies. The "Fiscal Impact" and "Economic Impact" have been restated below for convenience and the "Support/Opposition" section has been updated to reflect currently available information.

Effective/Operative Date

This bill would be effective on January 1, 2019, and operative as of that date. The Organ and Tissue Donor Registry Voluntary Tax Contribution Fund could first appear on the 2018 return filed on or after January 1, 2019.

This Bill

This bill would establish the Organ and Tissue Donor Registry 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 original return for the taxable year and, once made, are irrevocable. In addition, this bill would do the following:

- Require the Franchise Tax Board (FTB) to revise the return to include a designation space for the Organ and Tissue Donor Registry Voluntary Tax Contribution Fund after another voluntary contribution fund is removed or as soon as space is available, whichever is earlier. 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 maintain the Donate Life California Organ and Tissue Donor Registry.
- 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.
- Allow a charitable contribution deduction on the state income tax return for the year in which a contribution is made.
- Allow the Organ and Tissue Donor Registry Voluntary Tax Contribution Fund designation to remain on the tax return for up to seven calendar years, subject to the annual estimated contribution meeting or exceeding the minimum contribution amount of \$250,000.
- Require the FTB, to estimate by September 1 of each calendar year beginning with the second calendar year the Organ and Tissue Donor Registry Voluntary Tax Contribution Fund appears on the return whether contributions made under this bill would be less than \$250,000.

The law authorizing designations for the Organ and Tissue Donor Registry 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 estimated contributions are less than \$250,000.

The FTB would be required to notify the Controller of the amount to be transferred to the Organ and Tissue Donor Registry Voluntary Tax Contribution Fund. Amounts transferred to the Organ and Tissue Donor Registry Voluntary Tax Contribution Fund would be continuously appropriated and allocated in the following order:

- To the FTB and the Controller for reimbursement of associated administrative costs
- The balance to the California Organ and Tissue Registrar, for its ongoing activities to maintain the Donate Life California Organ and Tissue Donor Registry.

Assuming contributions continue to meet the minimum requirement, the provisions of this bill would remain in effect until January 1 of the seventh calendar year following the first appearance of the Organ and Tissue Donor Registry Voluntary Tax Contribution Fund on the personal income tax return and would be repealed by its own terms as of December 1 of that year.

Technical Considerations

For consistency and internal harmony within the Revenue and Taxation Code, the phrase "Notwithstanding any other law" in subdivision (f) of section 18907 should be replaced with the phrase, "Notwithstanding subdivision (d)".

Fiscal Impact

This 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 2096 as Amended April 24, 2018
Assumed Enactment after June 30, 2018

(\$ in Dollars)

Fiscal Year	Revenue
2018-2019	- \$0
2019-2020	- \$8,000
2020-2021	- \$8,000

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

Revenue Discussion

This bill would add the Organ and Tissue Donor Registry Voluntary Tax Contribution Fund to the voluntary contribution funds listed on the state's personal income tax return. The estimate assumes that the fund would receive \$250,000 in contributions each year.

Approximately 56 percent of taxpayers who contribute to voluntary contribution funds itemize their deductions. It is estimated that the average tax rate for these taxpayers is 6 percent, resulting in an estimated revenue loss of approximately \$8,000 annually.

Contributions would be made in 2019 when the 2018 return is filed. Subsequently, the deduction for the contribution would be claimed on the 2019 return filed by April 15, 2020; therefore, the revenue impact would not occur until fiscal year 2019-20.

The tax-year estimates were converted to fiscal-year estimates, and rounded to arrive at the amounts shown in the above table.

Support/Opposition¹

Support: Donate Life California (Sponsor); State Board of Equalization Member George Runner; and three individuals.

Opposition: None provided.

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¹ As noted in the Assembly Revenue and Taxation analysis dated April 16, 2018.