

SUMMARY ANALYSIS OF AMENDED BILL

Author: Low Analyst: Funmi Obatolu Bill Number: AB 280
Related Bills: See Prior Telephone: 845-5845 Amended Date March 2, 2017
Analysis Attorney: Bruce Langston Sponsor: _____

SUBJECT: Rape Kit Back Log Voluntary Tax Contribution Fund

SUMMARY

This bill would allow taxpayers to make voluntary contributions to the Rape Kit Back Log Voluntary Tax Contribution Fund on their state personal income tax returns.

This analysis only addresses the provisions of the bill that impact the department’s programs and operations

RECOMMENDATION – NO POSITION

SUMMARY OF AMENDMENTS

The March 2, 2017, amendments extended the period of time the fund would remain on the return, specified the recipient of fund contributions, modified the Department of Justice’s reporting requirements, and made a technical correction. As a result of the amendments, the “This Bill” section has been revised, the “Technical Considerations” have been recast to use consistent terms, and the implementation consideration has been resolved. The remainder of the department’s analysis of the bill as introduced February 2, 2017, still applies. The “Fiscal Impact,” “Economic Impact,” and “Policy Concerns” sections have been restated for convenience.

THIS BILL

This bill would establish the Rape Kit Back Log 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 Rape Kit Back Log 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 for DNA testing in the processing of rape kits.

- 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, as specified.

Beginning with the second calendar year the Rape Kit Back Log Voluntary Tax Contribution Fund is on the return, this bill would require contributions to the Rape Kit Back Log Voluntary Tax Contribution 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 Rape Kit Back Log 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 Rape Kit Back Log Voluntary Tax Contribution Fund would become inoperative as of January 1 of that calendar year and repealed as of December 1 of that year if the estimated contributions are less than the minimum contribution amount.

The FTB would be required to notify the Controller of the amount to be transferred to the Rape Kit Back Log Voluntary Tax Contribution Fund. Amounts transferred to the Rape Kit Back Log Voluntary Tax Contribution Fund 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 DNA Identification Fund.

TECHNICAL CONSIDERATION

For consistent use of terminology “rape kits” should be amended to “**back logged** rape kits”.

FISCAL IMPACT

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

REVENUE IMPACT

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 280 As Amended March 2, 2017 Assumed Enactment After June 30, 2017		
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 Rape Kit Back Log Voluntary Tax Contribution 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.

POLICY CONCERNS

The bill lacks an annual indexing requirement. The absence of annual indexing of the minimum contribution amount would circumvent the existing legislative mechanism that allows the various funds to transition on and off the tax return.

LEGISLATIVE STAFF CONTACT

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