

Levine & Ridley-  
Author: Thomas Analyst: Funmi Obatolu Bill Number: AB 519  
Related Bills: See Prior Telephone: 845-5845 Amended Date May 15, 2017  
Analysis Attorney: Bruce Langston Sponsor: \_\_\_\_\_

**SUBJECT:** California Senior Citizen Advocacy Fund

## **SUMMARY**

Under the Revenue and Taxation Code, this bill would establish the California Senior Citizen Advocacy Fund and allow a taxpayer to make a voluntary contribution on the state personal income tax return. This analysis only addresses the provisions of the bill that impact the department's programs and operations.

## **RECOMMENDATION – NO POSITION**

## **SUMMARY OF AMENDMENTS**

The May 15, 2017, amendments added a minimum contribution amount and a repeal date. The amendments resolved the implementation consideration discussed in the department analysis of the bill as amended on April 3, 2017. As a result of the amendments, the "This Bill" and "Implementation Considerations" sections have been revised. The remainder of the department's analysis of the bill as amended on April 3, 2017, still applies. The "Fiscal Impact" and "Economic Impact" sections have been restated for convenience. The "Support/Opposition" section has been revised with updated information.

## **THIS BILL**

This bill would establish the California Senior Citizen Advocacy Fund and would allow taxpayers to designate their own monies (not tax liability) for contribution to this fund on their 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 designation would be required to be added to the 2017 tax return.

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.

A charitable contribution designation would be allowed on the state income tax return for the year in which a voluntary contribution to this fund is made.

This bill would require the Controller to transfer money designated by taxpayers for the California Senior Citizen Advocacy Fund from the Personal Income Tax Fund. Upon appropriation by the Legislature, monies would be transferred from the California Senior Citizen Advocacy Fund to the State Controller's Office and the Franchise Tax Board (FTB) for reimbursement of the administrative costs. The remaining monies would be transferred to the California Senior Legislature for purpose of funding the activities on behalf of older persons.

Subject to meeting the minimum contribution requirement discussed below, the California Senior Citizen Advocacy Fund would remain in effect only until January 1 of the seventh calendar year following its first appearance of the contribution on the personal income tax return, and is repealed as of December 1 of that year.

Beginning with the second calendar year the California Senior Citizen Advocacy Fund is on the return, this bill would require contributions to the California Senior Citizen Advocacy 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 California Senior Citizen Advocacy Fund appears on the return whether contributions made would be less than \$250,000.

If the estimated contributions are less than the minimum contribution amount, the law authorizing designations for the California Senior Citizen Advocacy Fund would become inoperative as of January 1 of that calendar year and repealed as of December 1 of that year.

### **IMPLEMENTATION CONSIDERATIONS**

Implementing this bill would require some changes to existing tax forms and instructions and information systems, which could be accomplished during the normal annual update.

### **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 519 As Amended May 15, 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 California Senior Citizen Advocacy Fund to the voluntary contribution funds listed on the state's personal income tax return. Although not specified, this estimate assumes that the fund would receive contributions of \$250,000 per year.

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.

### **SUPPORT/OPPOSITION<sup>1</sup>**

Support: California Association for Health Services at Home, California Association of Public Authorities for IHSS, County Welfare Directors Association of California, one individual.

Opposition: None provided.

### **LEGISLATIVE STAFF CONTACT**

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<sup>1</sup> From Assembly Revenue and Taxation Committee analysis, dated March 24, 2017.