



Summary Analysis of Amended Bill

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Sponsor:

Bill Number: SB 1363

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Amended: April 2, 2018

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Related Bills: See Prior Analysis

Subject: National Alliance on Mental Illness California Voluntary Tax Contribution Fund

Summary

This bill would allow a taxpayer to make a voluntary contribution to the National Alliance on Mental Illness California Voluntary Tax Contribution Fund on the state personal income tax return.

Recommendation – No position.

Summary of Amendments

The April 2, 2018, amendments removed provisions related to queuing, added a specified repeal date, and clarified how the funds would be reported by the Department of the California Highway Patrol.

As a result of the amendments, the “Effective/Operative Date” and “This Bill” sections provided in the department’s analysis of the bill as introduced February 16, 2018, have been revised. In addition, a policy concern has been identified. The remainder of the prior analysis still applies.

Effective/Operative Date

This bill would be effective January 1, 2019, and operative as of that date. The National Alliance on Mental Illness California Voluntary Tax Contribution Fund would first appear on the 2018 personal income tax return filed on or after January 1, 2019.

This Bill

This bill would establish the National Alliance on Mental Illness California Voluntary Tax Contribution Fund and would allow taxpayers to designate 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 contribution 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 form of the return to include a space labeled the National Alliance on Mental Illness California 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 fund the Crisis Intervention Team program that trains peace officers to assist, and engage safely with, the mentally ill.
- Allow a charitable contribution deduction on the state income tax return for the year in which a contribution is made.
- Allow the voluntary contribution designation to remain on the tax return until January 1, 2027, subject to the annual estimated contributions meeting or exceeding \$250,000.
- Require the FTB, to estimate by September 1 of each calendar year after the first calendar year the National Alliance on Mental Illness California 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 National Alliance on Mental Illness California 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 \$250,000.

The FTB would be required to notify the Controller of the amount to be transferred to the National Alliance on Mental Illness California Voluntary Tax Contribution Fund. Amounts transferred to the National Alliance on Mental Illness California Voluntary Tax Contribution Fund would be continuously appropriated and allocated as follows:

- To the FTB, the Controller, and the Department of the California Highway Patrol for reimbursement of associated administrative costs, and
- To the Department of the California Highway Patrol for disbursement, as specified.

Policy Concerns

Eliminating the queuing language and the provision that would allow the fund to remain on the return for seven years after being added and instead specifying a repeal would circumvent the existing legislative mechanism that allows the various funds to transition on and off the tax return and creates inconsistencies among other recently enacted voluntary contributions.

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