



Summary Analysis of Amended Bill

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Sponsor:

Bill Number: SB 1363

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Amended: June 19, 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 June 19, 2018, amendments added queuing language, modified the sunset date, added restrictions on usage of funds and made other technical changes. As a result of the amendments, the policy concern discussed in the department's analysis of the bill as amended on April 2, 2018, has been resolved. Except for the "Effective/Operative Date," "This Bill," and "Policy Concerns" sections, the remainder of that analysis still applies. The "Fiscal Impact" and "Economic Impact" sections have been restated for convenience.

Effective/Operative Date

This bill would be effective January 1, 2019, and operative as of that date. If space on the tax return permits, the National Alliance on Mental Illness California Voluntary Tax Contribution Fund could 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 after another voluntary contribution fund is removed or as soon as space is available. 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 for up to seven years after it first appears on the tax return, 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 to the National Alliance on Mental Illness California (National Alliance), as specified.

In addition, no more than 5 percent of the moneys disbursed to the National Alliance may be used for administrative purposes.

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 SB 1363 as Amended June 19, 2018
Assumed Enactment after June 30, 2018

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 the net final payment method of accrual.

Revenue Discussion

This bill would add the National Alliance on Mental Illness California Voluntary Tax Contribution Fund (Fund), to the voluntary contribution funds listed on the state's personal income tax return.

The estimate assumes that the Fund would meet the \$250,000 minimum contribution amount specified in the bill and that 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 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 2019-2020.

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