

Franchise Tax Board

SUMMARY ANALYSIS OF AMENDED BILL

Author: Hertzberg, et al. Analyst: Funmi Obatolu Bill Number: SB 440
Related Bills: See Legislative History Telephone: 845-5845 Introduced Date: June 12, 2017
Attorney: Bruce Langston Sponsor: _____

SUBJECT: California Breast Cancer Research Voluntary Tax Contribution Fund/California Cancer Research Voluntary Tax Contribution Fund

SUMMARY

Under the Personal Income Tax Law, this bill would modify provisions of the California Breast Cancer Research Fund and California Cancer Research Fund.

RECOMMENDATION - NO POSITION

SUMMARY OF AMENDMENTS

The June 12, 2017, amendments added coauthors, modified the repeal date, and made a technical change. Except for the “This Bill” section, the remainder of the department’s analysis of the bill as introduced February 15, 2017, still applies. The “Effective/Operative Date”, “Economic Impact,” and “Fiscal Impact” sections have been restated for convenience. The “Support/Opposition” section has been revised with updated information.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative January 1, 2018, and would allow the California Breast Cancer Research Voluntary Tax Contribution Fund and the California Cancer Research Voluntary Tax Contribution Fund, as renamed, to remain on the personal income tax returns filed for taxable years 2017 through 2025.

THIS BILL

This bill would rename: (1) the “California Breast Cancer Research Fund” as the “California Breast Cancer Research Voluntary Tax Contribution Fund,” and (2) the “California Cancer Research Fund” as the “California Cancer Research Voluntary Tax Contribution Fund,” and extend the sunset date for these funds from January 1, 2018, to December 1, 2025. In addition, this bill would reset to \$250,000 the minimum contribution requirement for these two funds and remove the annual inflation adjustment requirement.

This bill would provide for continuous appropriation and allocation, as specified, of amounts in the California Breast Cancer Research Voluntary Tax Contribution Fund and California Cancer Research Voluntary Tax Contribution Fund.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the department's programs and operations.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

This bill would result in the following revenue losses:

Estimated Revenue Impact of SB 440 As Amended June 12, 2017 Assumed Enactment After June 30, 2017			
Fund Name	2017-18	2018-19	2019-20
California Breast Cancer Research Voluntary Tax Contribution Fund	\$0	- \$13,000	- \$13,000
California Cancer Research Voluntary Tax Contribution Fund	\$0	- \$17,000	- \$17,000

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 as amended changed the repeal date from January 1, 2025, to December 1, 2025, for the California Breast Cancer Research Voluntary Tax Contribution Fund and the California Cancer Research Voluntary Tax Contribution Fund listed on the state's personal income tax return. The estimate assumes that the renamed funds would continue to receive similar contributions as in the past. In 2016, the contribution amounts for the California Breast Cancer Fund was \$393,808 and the California Cancer Fund was \$507,071.

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.

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 \$13,000 and \$17,000 annually, per fund, respectively.

SUPPORT/OPPOSITION¹

Support: American Cancer Society; American Lung Association in California; Breast Cancer Action; Breast cancer Care & Research Fund; Breast Cancer Prevention Partners; California Breast Cancer Organizations; The University of California.

Opposition: None provided.

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¹Senate Committee on Governance and Finance analysis dated March, 17, 2017.