

SUMMARY ANALYSIS OF AMENDED BILL

Author: Newman & Portantino Analyst: Funmi Obatolu Bill Number: SB 503
Related Bills: See Prior Telephone: 845-5845 Amended Date June 29, 2017
Analysis Attorney: Bruce Langston Sponsor: _____

SUBJECT: Keep Arts in Schools Voluntary Tax Contribution Fund

SUMMARY

Under the Personal Income Tax Law (PITL), this bill would rename the Keep Arts in Schools Fund as the Keep Arts in Schools Voluntary Tax Contribution Fund and would extend the repeal date of the fund.

RECOMMENDATION – NO POSITION

SUMMARY OF AMENDMENTS

The June 29, 2017, amendments reversed the May 9, 2017, amendments that added urgency language and suspended for the 2017 taxable year, the minimum contribution requirement for all voluntary contribution funds.

As a result of the amendments, the department’s analysis of the bill as amended March 20, 2017, except for the “Support/Opposition” section which has been updated to reflect currently available information, applies. The “Effective/Operative Date,” “This Bill,” “Implementation Concerns,” “Fiscal Impact,” and “Economic Impact” sections of the March 20, 2017, analysis have been restated for convenience.

EFFECTIVE/OPERATIVE DATE

This bill would be effective on January 1, 2018, and would allow the renamed Fund to remain on tax returns filed on or after that date through the 2024 taxable year if the minimum contribution amount is met.

THIS BILL

This bill would rename the Keep Arts in Schools Fund as the Keep Arts in Schools Voluntary Tax Contribution Fund and extend the sunset date for the renamed Keep Arts in Schools Voluntary Tax Fund from December 1, 2018, to December 1, 2025.¹

¹ The operative and repeal dates assumes the fund meets the annual minimum contribution.

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

Revenue Estimate

This bill would result in the following revenue losses:

Estimated Revenue Impact of SB 503 As Amended June 29, 2017 Assumed Enactment After June 30, 2017		
2017-18	2018-19	2019-20
n/a	- \$9,000	- \$9,000

This analysis does not account for changes in employment, personal income, or gross state product that could result from this provision.

Revenue Discussion

This bill would extend the repeal date for the Keep Arts in Schools Voluntary Tax Contribution Fund listed on the state's personal income tax return. The estimate assumes that the funds will meet the minimum contribution each year. The minimum contribution amount for the Keep Arts in Schools Fund is \$258,568 in 2017.

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 \$9,000 annually.

SUPPORT/OPPOSITION²

Support: California Arts Advocates, California Arts Council, California Association of Food Banks.

Opposition: None provided.

LEGISLATIVE STAFF CONTACT

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² From Senate Governance and Finance Committee analysis dated May, 15, 2017.