



## Analysis of Original Bill

Author: Petrie-Norris	Sponsor:	Bill Number: AB 2068
Analyst: Toni Arnold	Phone: (916) 845-4743	Introduced: February 4, 2020
Attorney: Shane Hofeling	Related Bills: See Legislative History	

### SUBJECT

California Firefighters' Memorial Fund and California Peace Officer's Memorial Foundation Fund

### SUMMARY

This bill would, under the Administration of Franchise and Income Tax Law, extend the repeal dates for the California Firefighters' Memorial and California Peace Officers' Memorial Foundation Funds.

### RECOMMENDATION

No position.

### REASON FOR THE BILL

The reason for this bill is to continue to allow voluntary contributions on the state personal income tax return for the purpose of maintaining the California Firefighters' Memorial on the grounds of the State Capitol, and the California Peace Officers' Memorial in Sacramento, California, and to assist the surviving families of fallen California firefighters and fallen California peace officers.

### ANALYSIS

This bill would extend the repeal date of the California Firefighters' Memorial Fund and the California Peace Officers' Memorial Foundation Fund from January 1, 2021, to January 1, 2031.

### *Effective/Operative Date*

This bill would become effective and operative on January 1, 2021.

*Federal/State Law*

*Federal Law*

No provision comparable to state law.

*State Law*

Current state tax law allows taxpayers to make monetary contributions to any of the 21 voluntary contribution funds, including the California Firefighters' Memorial Fund and the California Peace Officers' Memorial Foundation Fund, listed on the 2019 personal income tax return. Taxpayers contributing to any of the funds are specifically allowed to deduct those contributions on their state income tax return for the year in which the contribution is made.

The California Firefighters' Memorial Fund and the California Peace Officers' Memorial Foundation Fund (both extended in 2014) are scheduled to remain on the return until January 1, 2021, assuming that the repeal date is not deleted.

The following general requirements apply to new or extended voluntary contribution funds (new or extended on or after January 2, 2017):

- The words "voluntary tax contribution" must be included as part of the name of the fund.
- The administering agency's Internet Web site shall report specific data related to the usage of the amounts received via voluntary contribution.
- A voluntary contribution fund must receive a minimum contribution of \$250,000 for the second calendar year after it first appears on the tax return, and each calendar year thereafter, to remain on the tax return.
- A voluntary tax contribution would remain in effect only until January 1 of the seventh calendar year following the first appearance of the contribution on the tax return, and be repealed as of December 1 of that year.

*Implementation Considerations*

Implementing this bill would occur during the department's normal annual update.

*Technical Considerations*

None noted.

### *Policy Considerations*

Because Section 18873 of the Revenue and Taxation Code (R&TC) requires new voluntary tax contributions and extended voluntary tax contributions to include the words "voluntary tax contribution" in the name of the fund, the author may want to include "notwithstanding Section 18873 of the Revenue and Taxation Code" in this bill, or add "voluntary tax contribution" to the name of the funds.

### LEGISLATIVE HISTORY

AB 1561 (Rodriguez, Chapter 127, Statutes of 2014) extended the repeal dates of the California Firefighters' Memorial Fund and the California Peace Officers' Memorial Foundation Fund from January 1, 2016, to January 1, 2021.

AB 1812 (Arambula, Chapter 1812, Statutes of 2008) extended the repeal dates of the California Firefighters' Memorial Fund and the California Peace Officers' Memorial Foundation Fund from January 1, 2011, to January 1, 2016.

SB 1249 (Alquist, Chapter 645, Statutes of 2006) required the FTB to make its minimum contribution estimate by September 1 of each year, and determine the minimum amount needed to remain on the return, for certain contribution funds, including the California Peace Officers' Memorial Foundation Fund.

AB 483 (Nunez, Chapter 161, Statutes of 2005) extended the repeal dates of the California Firefighters' Memorial Fund and the California Peace Officers' Memorial Foundation Fund from January 1, 2006, to January 1, 2011.

SB 180 (Burton, Chapter 180, Statutes of 2003) required that money in the California Firefighters' Memorial Fund be allocated for maintenance and repair of the constructed memorial and for various other fire-related public benefit purposes, as specified.

SB 215 (Burton, Chapter 274, Statutes of 2001) required funds to be allocated to the California Department of Highway Patrol for allocation to the California Peace Officers' Memorial Commission, and added a reporting requirement.

SB 1230 (Burton, Chapter 215, Statutes of 1999) created the California Peace Officers' Memorial Foundation Fund.

### PROGRAM BACKGROUND

The California Firefighters' Memorial Fund first appeared on the 1993 return. The following are the total annual contributions to this fund for the past five years:

2015	2016	2017	2018	2019
\$160,562	\$157,316	\$108,013	\$251,166	\$273,800

The California Peace Officers' Memorial Foundation Fund first appeared on the 1999 return. The following are the total annual contributions to this fund for the past five years:

2015	2016	2017	2018	2019
\$145,459	\$144,704	\$101,532	\$151,856	\$140,935

### 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 2068 as Introduced February 4, 2020  
Assumed Enactment after June 30, 2020

(\$ in Millions)

Fiscal Year	Revenue
2020-2021	\$0
2021-2022	-\$10,000
2022-2023	-\$10,000

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

#### *Revenue Discussion*

This bill would change the voluntary contribution funds' repeal date from January 1, 2021, to January 1, 2031, for the California Firefighters' Memorial Fund and California Peace Officers' Memorial Foundation Fund. The estimate assumes that both funds would receive \$250,000 in contributions each year.

Approximately 35 percent of taxpayers who contribute to voluntary contribution funds itemize their deductions. It is estimated that the average tax rate for these taxpayers is six percent, resulting in an estimated revenue loss of approximately \$5,000 annually per fund. Contributions would be made when the 2020 return is filed in April of 2021. Subsequently, the deduction for the contribution would be claimed on the 2021 return filed by April 15, 2022; therefore, the revenue impact would not occur until fiscal year 2021-2022.

The tax year estimates are converted to fiscal year estimates, and then rounded to arrive at the amounts shown in the above table.

#### LEGAL IMPACT

None noted.

#### APPOINTMENTS

None noted.

#### SUPPORT/OPPOSITION

To be determined.

#### ARGUMENTS

To be determined.

Bill Analysis  
Introduced February 4, 2020

Bill Number: AB 2068

#### LEGISLATIVE STAFF CONTACT

Toni Arnold  
Legislative Analyst, FTB  
(916) 845-4743  
toni.arnold@ftb.ca.gov

Tiffany Christiansen  
Revenue Manager, FTB  
(916) 845-5346  
tiffany.christiansen@ftb.ca.gov

Annette Kunze  
Legislative Director, FTB  
(916) 845-6333  
annette.kunze@ftb.ca.gov