



## Summary Analysis of Amended Bill

Author: Cooley, et al.

Sponsor:

Bill Number: AB 296

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Amended April 22, 2019,  
April 25, 2019, and May 1, 2019

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Related Bills: See Prior Analysis

**Subject:** Climate Innovation Voluntary Tax Contribution Account/Climate Innovation Act

### Summary

Under the Personal Income Tax Law (PITL), this bill would allow a taxpayer to make a voluntary contribution to the Climate Innovation Voluntary Tax Contribution Account on their state personal income tax return.

This bill would also establish the Climate Innovation Act under the Public Resources Code.

This analysis only addresses the provisions of the bill that impact the department's programs and operations.

**Recommendation – No position.**

### Summary of Amendments

The April 22, 2019, amendments added a coauthor, modified provisions of the Climate Innovation Act, and made technical changes.

The April 25, 2019, amendments further modified provisions of the Climate Innovation Act, added queuing language to the voluntary contribution fund provisions and modified the fund's repeal date, and made several technical changes.

The May 1, 2019, amendments modified legislative intent language and provisions of the Climate Innovation Grant Program under the Climate Innovation Act.

Except for the "This Bill," the remainder of the department's analysis of the bill as amended March 20, 2019, still applies. The "Economic Impact" and "Fiscal Impact" sections have been restated for convenience.

## **This Bill**

This bill would, under the PITL, establish the Climate Innovation Voluntary Tax Contribution Account (Climate Innovation Account) and allow taxpayers to make designated contributions to the Climate Innovation Account 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) after another voluntary contribution fund is removed or as soon as space is available to revise the form of the return to include a designation space for the Climate Innovation Account. 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 grants for the development and research of new innovation and technologies as specified in the Climate Innovation Act.
- 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 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, subject to the annual estimated contribution meeting or exceeding \$250,000 for each year after the first calendar year the designation appears on the tax return.
- Require the FTB, to estimate by September 1 of each calendar year after the first calendar year the Climate Innovation Account appears on the return whether contributions to the Climate Innovation Account would be less than \$250,000.
- If the estimated contributions are less than \$250,000, the law authorizing designations for the Climate Innovation Account would become inoperative as of January 1 of that calendar year and be repealed as of December 1 of that year.

The FTB would be required to notify the Controller of the amount to be transferred to the Climate Innovation Account. Amounts transferred to the Climate Innovation Account would be continuously appropriated and allocated as follows:

- To the FTB, and the Controller for reimbursement of all costs incurred in connection with their duties, and
- The balance to the Climate Innovation Fund.

### 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 296 as Amended May 1, 2019  
Assumed Enactment after June 30, 2019

Fiscal Year	Revenue
2019-2020	-\$0
2020-2021	-\$8,000
2021-2022	-\$8,000

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 add the Climate Innovation Account to the voluntary contribution funds listed on the state's personal income tax return. The estimate assumes that the Climate Innovation Account would receive \$250,000 in contributions each year.

Approximately 56 percent of taxpayers who contribute to voluntary contribution funds itemize their deductions. It is estimated that the average tax rate for these taxpayers is 6 percent, resulting in an estimated revenue loss of approximately \$8,000 annually.

Contributions would be made in 2020 when the 2019 return is filed. Subsequently, the deduction for the contribution would be claimed on the 2020 return filed by April 15, 2021; therefore, the revenue impact would not occur until fiscal year 2020-2021.

The tax year estimates are converted to fiscal year revenue estimates and rounded to arrive at the amounts reflected in the above table.

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