STATE OF CALIFORNIA
Franchise Tax Board

Bill Analysis

Author: Lackey, et al. Bill Number: AB 984

Subject: Suicide Prevention Voluntary Tax Contribution Fund

Summary

This bill would, under the Personal Income Tax Law, allow a taxpayer to make a voluntary contribution to the Suicide Prevention Voluntary Tax Contribution Fund on the state personal income tax return.

Reason for the Bill

The reason for this bill is to support programs designed to prevent suicide in rural and desert communities located in the state; and to support crisis centers located in the state that are active members of the National Suicide Prevention Lifeline.

Effective/Operative Date

This bill would be effective on January 1, 2020, and operative as of that date. The Suicide Prevention Voluntary Tax Contribution Fund could first appear on the 2019 California Individual Income Tax return for returns filed on or after January 1, 2020.

State Law

Current state tax law allows taxpayers to make monetary contributions to any of the 27 voluntary contribution funds listed on the 2018 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.

Generally, funds remain on the return until they are either repealed or fail to meet a minimum contribution amount.

The Franchise Tax Board (FTB) is required to make the following determinations for each fund by September 1 of each calendar year, beginning on the second calendar year the fund appears on the tax return:

1. The minimum contribution amount required for the fund to remain on the return for the following calendar year, and
2. Whether estimated contributions to the fund will be less than the minimum contribution amount for that calendar year.

If the FTB estimates that contributions to a fund will fail to meet the minimum contribution amount for a calendar year, that fund is repealed effective January 1 of that calendar year.

The following general requirements apply to new or extended voluntary contribution funds:

- 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.

This Bill

This bill would establish the Suicide Prevention Voluntary Tax Contribution Fund and allow taxpayers to make designated contributions 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:

- 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.
- After another voluntary contribution fund is removed or as soon as space is available to revise the form of the return, the FTB is required to include a designation space for the Suicide Prevention Voluntary Tax Contribution Fund. 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 support programs designed to prevent suicide in rural and desert communities located in the state; and to support crisis centers located in the state that are active members of the National Suicide Prevention Lifeline.
- Allow taxpayers to take a charitable contribution deduction on their California Individual Income Tax return for the amount of the contribution made for the year in which a contribution is made.
- Allow the voluntary contribution designation to remain on the tax return only until January 1 of the seventh calendar year following the first appearance on the personal income tax return, 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 Suicide Prevention Voluntary Tax Contribution Fund appears on the return, whether contributions made under this bill would be less than $250,000.
- If the estimated contributions are less than $250,000, the law authorizing the Suicide Prevention Voluntary Tax Contribution Fund would become inoperative as of January 1 of that calendar year and 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 Suicide Prevention Voluntary Tax Contribution Fund. Amounts transferred to the Suicide Prevention Voluntary Tax Contribution Fund would be continuously appropriated and allocated as follows:

- To the FTB, the Controller and the Mental Health Services Oversight and Accountability Commission (MHSOAC) for reimbursement of associated administrative costs, and
- To the MHSOAC, for disbursement to crisis centers located in the state that are active members of the National Suicide Prevention Lifeline as specified.

Money in the Suicide Prevention Voluntary Tax Contribution Fund would be barred from supplanting state General Fund money for any purpose.

Legislative History

SB 309 (Rubio, 2019/2020) would repeal the minimum contribution requirement for the California Senior Citizen Advocacy Voluntary Tax Contribution Fund. SB 309 was passed by the Senate and sent to enrollment on August 21, 2019.

SB 637 (McGuire, 2019/2020) would modify provisions of the Animal Homelessness and Cruelty Voluntary Contribution Fund. SB 637 is pending before the Assembly.

AB 2096 (Frazier, Chapter 276, Statutes of 2018) created the Organ and Tissue Donor Registry Voluntary Tax Contribution Fund.

AB 2944 (Jones-Sawyer, Chapter 441, Statutes of 2018) created the School Not Prisons Voluntary Tax Contribution Fund.

SB 1363 (Moorlach, Chapter 359, Statutes of 2018) created the National Alliance on Mental Illness Voluntary Tax Contribution Fund.

Other States' Information

The states surveyed include *Florida, Illinois, Massachusetts, Michigan, Minnesota,* and *New York*. These states were selected due to their similarities to California's economy, business entity types, and tax laws.

Florida lacks a personal income tax but allows contribution designations on the state's motor vehicle registration and renewal forms.

Illinois, *Massachusetts*, *Michigan*, *Minnesota* and *New York* allow for taxpayer contribution designations on the personal income tax return; however, none of these states provide a voluntary contribution comparable to the one discussed in this bill.

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 984
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 Suicide Prevention Voluntary Tax Contribution Fund to the voluntary contribution funds listed on the state's personal income tax return. The estimate assumes that the fund 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 then rounded to arrive at the amounts reflected in the above table.

Appointments

None.

Votes

Location	Date	Yes Votes	No Votes
Senate Floor	August 19, 2019	39	1
Assembly Floor	May 9, 2019	76	0

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