



## **Bill Analysis**

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Bill Number: SB 309

**Subject:** California Senior Citizen Advocacy Voluntary Tax Contribution Fund

### **Summary**

This bill would, under the Personal Income Tax Law (PITL), repeal the minimum contribution requirement for the California Senior Citizen Advocacy Voluntary Tax Contribution Fund.

### **Reason for the Bill**

The reason for the bill is to provide funding for the California Senior Legislature to advocate on behalf of senior citizens.

### **Effective/Operative Date**

As an urgency measure, this bill would be effective and operative immediately upon enactment.

### **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Generally, funds remain on the return until they are either repealed by operation of law, or fail to meet a minimum contribution amount.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that contributions to a fund will fail to meet the minimum contribution amount for a calendar year, that fund is repealed effective January 1 of that calendar year.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.

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.

### **This Bill**

Under the PITL, this bill would, immediately upon enactment, remove the minimum contribution requirement for the California Senior Citizen Advocacy Voluntary Tax Contribution Fund.

### **Legislative History**

AB 519 (Levine, Chapter 443, Statutes of 2017) created the California Senior Citizen Advocacy Voluntary Tax Contribution Fund.

SB 997 (Morrell, Chapter 248, Statutes of 2014) repealed the California Fund for Senior Citizens, and created the California Senior Legislature Fund.

AB 247 (Wagner, Chapter 247, Statutes of 2013) extended the repeal date of the California Fund for Senior Citizens to December 1, 2020.

### **Program Background**

#### California Fund for Senior Citizens

The fund appeared on the tax returns from 1983 through 2013. Contributions were used to provide support to the California Senior Legislature. California Fund for Senior Citizens was repealed because it failed to receive the required minimum contribution.

#### California Senior Legislature Fund

The fund appeared on the 2014 and 2015 tax returns.

The California Senior Legislation Fund was repealed because it failed to receive the required minimum contribution.

California Senior Citizen Advocacy Voluntary Tax Contribution Fund

The fund appeared on the 2017 tax return.

This chart reflects the annual contributions to these funds over the past six calendar years:

2013 California Fund for Senior Citizens	2014 California Fund for Senior Citizens	2015 California Senior Legislature Fund	2016 California Senior Legislature Fund	2017 Fund did not appear on tax return	2018 California Senior Citizen Advocacy Voluntary Tax Contribution Fund
\$234,247	\$229,522	\$60,137	\$68,950	N/A	\$91,625

**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* does not have 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 impact the department's costs.

**Economic Impact**

Revenue Estimate

This bill would not change the revenue impact of the California Senior Citizen Advocacy Voluntary Tax Contribution Fund.

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 eliminate the \$250,000 minimum contribution amount for the California Senior Citizen Advocacy Voluntary Tax Contribution Fund. The fund would remain on the voluntary contribution funds listed on the state's personal income tax return. Under current law contributions could be made through 2024. Subsequently, the deduction for those contributions would continue, and no change in revenue would be recognized.

**Policy Concern**

Eliminating the minimum contribution requirement for the California Senior Citizen Advocacy Voluntary Tax Contribution Fund would provide a source of steady funding for the California Senior Legislature as mandated under current law. However, concerns may be raised that eliminating the minimum contributions requirement for this voluntary contribution fund would be inconsistent with the treatment of other voluntary contribution funds, thus decreasing parity among the state's many worthy causes.

**Appointments**

None.

**Votes**

Location	Date	Yes Votes	No Votes
Senate Floor	May 9, 2019	38	0
Assembly Floor	August 19, 2019	77	0

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