



## Bill Analysis

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Bill Number: AB 1065

## SUBJECT

Mental Health Crisis Prevention Voluntary Tax Contribution Fund

## SUMMARY

This bill, under the Administration of Franchise and Income Tax Laws would create the Mental Health Crisis Prevention Voluntary Tax Contribution Fund, and would allow a taxpayer to make a voluntary contribution to the fund on their state personal income tax return.

## REASON FOR THE BILL

The reason for this bill is to provide a reliable source for funding for training of law enforcement officers to assist and engage safely with persons living with mental illness.

## ANALYSIS

This bill would establish the Mental Health Crisis 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:

- 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, whichever occurs first, to revise the form of the return to include a designation space for the Mental Health Crisis 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 fund the Crisis Intervention Team program that trains peace officers to assist, and engage safely with persons living with mental illness.
- 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 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 amount 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 Mental Health Crisis 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 designations for the Mental Health Crisis Prevention Voluntary Tax Contribution Fund would become inoperative for taxable years beginning on or after 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 Mental Health Crisis Prevention Voluntary Tax Contribution Fund. Amounts transferred to the Mental Health Crisis Prevention Voluntary Tax Contribution Fund would be continuously appropriated and allocated as follows:

- To the FTB, the Controller and the Department of the California Highway Patrol for reimbursement of associated administrative costs, and
- To the Department of the California Highway Patrol, for disbursement to the National Alliance on Mental Illness California to fund the Crisis Intervention Team program that trains peace officers to assist, and engage safely with, persons living with mental illness.

#### *Effective/Operative Date*

This bill would be effective January 1, 2022, and operative as of that date. The Mental Health Help Program Voluntary Tax Contribution Fund could first appear on the 2021 return.

#### *Federal/State Law*

##### *Federal Law*

No provision comparable in federal law.

##### *State Law*

Current state tax law allows taxpayers to make monetary contributions to any of the nineteen voluntary contribution funds listed on the 2020 personal income tax return.

Taxpayers contributing to any of the funds are generally 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 FTB is generally 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 equal or exceed 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 inoperative for taxable years beginning on or after January 1 of that calendar year, and repealed on December 1 of that 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, unless the minimum contribution amount is not met or otherwise specified.

#### *Implementation Considerations*

None noted.

#### *Technical Considerations*

None note.

### **LEGISLATIVE HISTORY**

AB 742 (Calderon, 2021/2022) would extend the provisions of the School Supplies for Homeless Children Voluntary Tax Contribution Fund to January 1, 2029. AB 742 is currently in the Assembly for concurrence vote.

SB 347 (Caballero, 2021/2022) would create the California Tree Fund Voluntary Tax Contribution Fund. SB 347 is currently in the committee process.

AB 984 (Lackey, et al., Chapter 445, Statutes of 2019) created the Suicide Prevention Voluntary Tax Contribution Fund on the state personal income tax return.

**PROGRAM BACKGROUND**

None noted.

**FISCAL IMPACT**

The department anticipates minimal costs to implement this bill.

**ECONOMIC IMPACT**

Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 1065 as Amended March 8, 2021  
Assumed Enactment after June 30, 2021

(\$ in Dollars)

<b>Fiscal Year</b>	<b>Revenue</b>
2021-2022	\$0
2022-2023	-\$0
2023-2024	-\$5,000

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.

**LEGAL IMPACT**

None noted.

**APPOINTMENTS**

None.

**SUPPORT/OPPOSITION**

Senate Floor analysis dated June 23, 2021, lists the following support and opposition.

Support: California Peace Officers Association, California State Sheriffs' Association, California Statewide Law Enforcement Association DBSA California, Los Angeles County Sheriff's Department, National Alliance on Mental Illness – California.

Opposition: No opposition on file.

**VOTES**

Location	Date	Yes Votes	No Votes
Senate Floor	June 24, 2021	39	0
Assembly Floor	May 3, 2021	77	0

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