



## Bill Analysis

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Bill Number: AB 1219

### SUBJECT

Natural Heritage Preservation Tax Credit Act of 2000

### SUMMARY

This bill would, under the Personal Income Tax Law (PITL) and the Corporation Tax Law (CTL), renew this tax credit for qualified contributions made on or after January 1, 2021, and no later than June 30, 2026.

### REASON FOR THE BILL

The reason for the bill is to provide funds for the protection of wildlife habitat, open space, and agricultural lands.

### ANALYSIS

This bill would renew, under the PITL and the CTL, the Natural Heritage Preservation Tax Credit for qualified contributions made on or after January 1, 2021, and not later than June 30, 2026, to the state, local governments, or designated nonprofit organizations. The amount of the credit would be 55 percent of the fair market value of the qualified contribution.

#### *Effective/Operative Date*

As a tax levy, this bill would be effective immediately upon enactment and specifically operative for qualified contributions made on or after January 1, 2021, and not later than June 30, 2026.

#### Federal/State Law

##### *Federal Law*

No provision comparable in federal law.

##### *State Law*

PITL and CTL allow a nonrefundable Natural Heritage Preservation Tax Credit in the amount of 55 percent of the fair market value of qualified contributions that have been certified by the Wildlife Conservation Board. "Qualified contributions" means a contribution of property that has been approved for acceptance by the Wildlife Conservation Board. Any unused Natural Heritage Preservation Tax Credit may be

carried over for eight years for qualified contributions made on or after January 1, 2000, and before January 1, 2015, or 15 years for qualified contributions made on or after January 1, 2015. The credit is in lieu of any other credit or deduction that may be claimed for the property or any interest contributed.

#### *Implementation Considerations*

None noted.

#### *Technical Considerations*

None noted.

#### *Policy Considerations*

None noted.

### **LEGISLATIVE HISTORY**

SB 355 (Beall, Chapter 620, Statutes of 2014) extended the Natural Heritage Preservation Tax Credit for qualified contributions made not later than June 30, 2020.

AB 94 (Evans/Monning, Chapter 220, Statutes of 2009) reactivated and extended the sunset date in which the Natural Heritage Preservation Tax Credit Act could be awarded from June 30, 2008, to June 30, 2015.

### **PROGRAM BACKGROUND**

Under the Public Resources Code, the Natural Heritage Preservation Tax Credit Act of 2000 was enacted to encourage donations of land to the state, local governments, and designated nonprofit organizations. The donated property must be approved for acceptance by the Wildlife Conservation Board, which notifies the Franchise Tax Board (FTB) of the amount of tax credit awarded for each donation.

Responding to increased fiscal demands and pressure upon the General Fund, the Legislature suspended the Natural Heritage Preservation Tax Credit Program in 2002. However, in recognition of the effectiveness of the program as a tool to leverage limited fiscal resources and protect critical land and water resources, the Natural Heritage Preservation Tax Credit Program was reinstated effective January 1, 2005, and allows Natural Heritage Preservation Tax Credits to be awarded until June 30, 2008, provided there is no net loss of revenue to the General Fund for tax credits awarded between July 1, 2002, and June 30, 2008. Reimbursement to the General Fund for approved tax credits is made using eligible bond funds. Effective January 1, 2010, the program was once again authorized to approve donations and eligible tax credits until June 30, 2020.

The FTB is required to report the amount of Natural Heritage Preservation Tax Credit claimed by tax year to the Wildlife Conservation Board. Within 60 days of notification from the FTB, the Wildlife Conservation Board is required to reimburse the Natural Heritage Preservation Tax Credit Reimbursement Account within the state's General Fund for the amount of the land for the Natural Heritage Preservation Tax Credits claimed on income tax returns. The Wildlife Conservation Board is authorized to use bond funds to reimburse the General Fund.

### **FISCAL IMPACT**

This bill would not significantly impact the department's costs.

### **ECONOMIC IMPACT**

#### *Revenue Discussion*

Because it is difficult to predict how many qualified donations and the amount of these donations each year, the revenue impact is unknown. It is estimated, however, that for every \$1 million generated, approximately \$70,000 would be claimed in each year the credit is generated. The remaining credits would be used in the following 15 years.

Eligible bond funds will be used to reimburse the General Fund so that the net impact on the General Fund is zero.

### **LEGAL IMPACT**

None noted.

### **APPOINTMENTS**

None noted.

### **SUPPORT/OPPOSITION**

The Senate Floor Analysis dated August 28, 2021, listed the following.

Support:

The Nature Conservancy (source), Big Sur Land Trust, California Council of Land Trusts, California Habitat Conservation Planning Coalition, California Waterfowl Association, Defenders of Wildlife, Endangered Habitats League, Grassland Water District, Mojave Desert Land Trust, Pacific Forest Trust, Peninsula Open Space Trust, Santa Clara Valley Open Space Authority, The Trust for Public Land, Wholly H2o

Opposition:

California Federation of Teachers, California School Boards Association

**VOTES**

Location	Date	Yes Votes	No Votes
Senate Floor	September 3, 2021	37	0
Assembly Floor	June 3, 2021	78	0

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