



Bill Analysis

Author: Rodriguez

Sponsor:

Bill Number: AB 1709

Related Bills: See Legislative
History

Introduced: January 26, 2022

SUBJECT

Blood Donation Credit

SUMMARY

This bill, under the Personal Income Tax Law, would provide a \$500 tax credit to taxpayers who donate blood to a licensed, exempt organization.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

Not applicable.

REASON FOR THE BILL

The reason for this bill is to help alleviate California's current blood supply shortage by incentivizing individuals to donate blood.

ANALYSIS

For taxable years beginning on or after January 1, 2023, this bill would provide a \$500 tax credit to taxpayers for blood donations, as defined, made to a licensed, exempt organization.

This bill would require all of the following conditions be met:

- The taxpayer must make four blood donations of human whole blood or human blood components, as defined in Healthy and Safety code section 1600.35, during the taxable year.
- Each blood donation must be made to a licensed entity as defined in the Health and Safety Code.
- Each blood donation must be made to an exempt organization under Internal Revenue Code section 501(c)(3).

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For purposes of complying with Revenue and Taxation Code Section 41, this bill would require the department to issue a report to the Legislature by June 1, 2028, on the number of taxpayers claiming the credit and total value of credits allowed.

This analysis only discusses the provisions that impact the department's programs and operations.

Effective/Operative Date

This bill would be effective on January 1, 2023, and operative for taxable years beginning on or after January 1, 2023.

Federal/State Law

Existing federal and state laws provide various tax credits designed to provide tax relief for taxpayers who incur certain expenses (e.g., child adoption) or to influence behavior, including business practices and decisions (e.g., research credits or hiring credits). These credits generally are designed to provide incentives for taxpayers to perform various actions or activities that they may not otherwise undertake.

Implementation Considerations

The department has identified the following implementation consideration, and is available to work with the author's office to resolve these and other considerations that may be identified.

It is unclear how taxpayers filing joint returns would be treated. Because the bill does not specify otherwise, two individuals filing a joint return could each be eligible for the credit. The author may wish to amend the bill to clarify the treatment of individuals filing a joint return.

Technical Considerations

If the author intends that the credit will only apply to individuals, the following technical changes are suggested:

- R&TC 17053.20 (a) After "allowed" insert "to a qualified taxpayer".
- R&TC 17053.20 (a)(1) After "The" insert "qualified".
- R&TC 17053.20 Insert "(b) For the purposes of this section, "qualified taxpayer" means an individual."
- R&TC 17053.20 Strike out "(b)" and insert "(c)".

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Policy Considerations

This bill does not have a sunset date, which is generally provided to allow periodic review of the effectiveness of income tax law changes by the Legislature.

This bill does not have carryover language. As a result, a taxpayer can only use the credit to reduce their tax liability for a single tax year. Any unused credit would be lost if the taxpayer is unable to use the entire credit amount in the year claimed. The author may wish to add language to allow a limited carryover period.

LEGISLATIVE HISTORY

SB 1025 (Bates and Cooper, 2021/2022), would provide a tax credit to businesses that organize blood drives. SB 1025 is currently in the Senate pending referral.

PROGRAM BACKGROUND

None noted.

FISCAL IMPACT

This bill would impact the department's systems, resulting in programming and processing revisions. The department's costs to implement this bill have yet to be determined. As the bill continues to move through the legislative process, costs will be identified.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 1709 as Introduced January 26, 2022
Assumed Enactment after June 30, 2022

(\$ in Millions)

Fiscal Year	Revenue
2022-2023	-\$6.6
2023-2024	-\$12.0
2024-2025	-\$12.0

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.

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LEGAL IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

To be determined.

ARGUMENTS

To be determined.

LEGISLATIVE CONTACT

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