



Bill Analysis

Author: Bates and Cooper

Sponsor:

Bill Number: SB 1025

Related Bills: See Legislative
History

Amended: April 27, 2022

SUBJECT

Blood Donation Credit for Business Entities

SUMMARY

The bill, under the Personal Income Tax Law (PITL) and Corporation Tax Law (CTL), would provide a tax credit to businesses that hold blood drives on their premises in coordination with a nonprofit blood bank organization.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The April 27, 2022, amendments revised the tax credit requirements, defined terms, added a carryover period, and made other technical changes.

The April 27, 2022, amendments resolved all of the implementation considerations, most of the technical considerations, and one of the policy considerations discussed in the department's analysis of the bill as introduced February 15, 2022.

REASON FOR THE BILL

The reason for this bill is to help alleviate California's current blood supply shortage by incentivizing businesses to organize blood drives.

ANALYSIS

This bill, under the PITL and the CTL, for taxable years beginning on or after January 1, 2022, and before January 1, 2027, would provide a tax credit to qualified taxpayers that organize blood drives, as defined. The credit amount would equal the sum of the following, not to exceed \$10,000 cumulatively, per qualified taxpayer, per taxable year:

1. For every blood drive organized by the qualified taxpayer during the taxable year, \$500 plus;

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2. The product of \$23 multiplied by the number of verified blood donations made during blood drives organized by the qualified taxpayer and verified by a nonprofit blood bank organization.

This bill would define the following terms:

"Blood donation" means the voluntary and uncompensated donation of whole blood or blood products drawn for use by a nonprofit blood bank organization.

"Blood drive" means a function held at a specific date and time that is organized by a qualified taxpayer, in coordination with a nonprofit blood bank organization, on the qualified taxpayer's business premises.

"Qualified taxpayer" means a business entity taxable under the PITL or the CTL that organizes a blood drive held on the business entity's premises.

"Verified blood donation" means a blood donation by a donor made during blood drive that can be provided for use by a nonprofit blood bank organization, as verified by the nonprofit blood bank organization.

The nonprofit blood bank organization would be required to provide each qualified taxpayer with a verified count of the number of verified blood donations received at every blood drive organized by the qualified taxpayer.

The qualified taxpayer would be required to retain a record of all information received by the nonprofit blood bank organization and provide the information and verified counts of verified blood donations to the Franchise Tax Board (FTB) upon request.

Unused credits could be carried over for seven years or until exhausted.

This credit would be repealed by its own terms on December 1, 2027.

This bill would allow the FTB to prescribe rules, guidelines, procedures, or other guidance to administer the credit.

For purposes of complying with Revenue and Taxation Code (RTC) section 41, this bill would require the FTB to issue a report to the Legislature by January 1, 2029, on the following:

1. The number of qualified taxpayers that claim the credit.
2. The average credit amount claimed by qualified taxpayers.
3. Whether the number of qualified taxpayers claiming the credit increased each taxable year.

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Effective/Operative Date

As a tax levy, this bill would be effective immediately upon enactment and specifically operative for taxable years beginning on or after January 1, 2022, and before January 1, 2027.

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

None noted.

Technical Considerations

For clarity of terminology, the following changes are recommended:

1. Section 17053.3 (b)(2) and 23673.3 (b)(2) remove "by" and replace with "and".
2. SEC. 3 of the bill, subdivision (b), strike out the word "deduction" and insert "credit".

Policy Considerations

This bill does not specify whether the credit would be for blood donations that take place in California. To resolve this, the author may wish to amend the bill.

LEGISLATIVE HISTORY

AB 1709 (Rodriguez, 2021/2022), would provide a \$500 tax credit to taxpayers who donate blood to a licensed, exempt organization. AB 1709 has been referred to the Assembly Revenue & Taxation Committee and Emergency Management.

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.

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ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of SB1025 as Amended April 27, 2022
Assumed Enactment after June 30, 2022

(\$ in Millions)

Fiscal Year	Revenue
2022-2023	-\$4.3
2023-2024	-\$4.1
2024-2025	-\$4.1

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 noted.

SUPPORT/OPPOSITION

None noted.

ARGUMENTS

None noted.

LEGISLATIVE CONTACT

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