



## **Bill Analysis**

Author: Waldron

Sponsor:

Bill Number: AB 1828

Related Bills: See Legislative  
History

Introduced: January 12, 2024

### **SUBJECT**

Rare and Endangered Species Preservation Voluntary Tax Contribution Program/Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund

### **SUMMARY**

This bill would, under the Administration of Franchise and Income Tax Law (AFITL) extend the repeal date of the Rare and Endangered Species Preservation Voluntary Tax Contribution Program and the Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund.

This bill would, under the Fish and Game Code, revise the purpose of the competitive grant program for which the contributed funds are used to support.

This analysis only addresses the provisions of the bill that impact the Franchise Tax Board's programs and operations.

### **RECOMMENDATION**

No position.

### **SUMMARY OF AMENDMENTS**

Not applicable.

### **REASON FOR THE BILL**

The reason for the bill is to extend the time the Rare and Endangered Species Preservation Voluntary Tax Contribution Program and the Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund will be listed on a California tax return.

### **ANALYSIS**

This bill would extend the sunset date for the Rare and Endangered Species Preservation Voluntary Tax Contribution Program from January 1, 2025, to December 1, 2032.

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This bill would extend the sunset date for the Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund from January 1, 2024, to December 1, 2031.

This bill would revise the purpose of the competitive grant program for which the Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund are used to support, to be for the rehabilitation of injured, sick, or orphaned wildlife, and wildlife conservation.

#### *Effective/Operative Date*

This bill would be effective on January 1, 2025, and operative as of that date.

#### *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 18 voluntary contribution funds listed on the 2023 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.

By September 1 of each calendar year, the Franchise Tax Board (FTB) is required to determine whether estimated contributions to the Rare and Endangered Species Preservation Voluntary Tax Contribution Program will be less than the minimum contribution amount for that calendar year.

In addition, by September 1 of each calendar year, beginning on the second calendar year the fund appears on the tax return, the FTB is required to determine whether estimated contributions to the Native California Wildlife Rehabilitation Voluntary Tax Contribution 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.

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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 website 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.

The Rare and Endangered Species Preservation Voluntary Tax Contribution Program will remain operative until January 1, 2025, if the minimum contribution amount is met. The Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund will remain operative until January 1, 2024, if the minimum contribution amount is met.

For purposes of the Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund, current state law requires the FTB to include in the instructions of the tax return information that the contribution would be used to support the recovery and rehabilitation of injured, sick, or orphaned native wildlife.

#### *Implementation Considerations*

Implementing this bill would occur during the FTB’s annual updates.

#### *Technical Considerations*

The FTB would continue to be required to include in the instructions of the tax return that the contribution to the Native California Wildlife Rehabilitation Voluntary Contribution Fund is used to support the “recovery and rehabilitation” of injured, sick, or orphaned native wildlife, despite “recovery” being removed from the purpose of the competitive grant program for which the voluntary contribution fund is used to support.

For consistency, in Revenue and Taxation Code section 18749(e), it is recommended to remove “recovery and.”

#### *Policy Considerations*

None noted.

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## LEGISLATIVE HISTORY

AB 559 (Boerner, Chapter 89, Statutes of 2023) extended the tax years that the California Senior Citizen Advocacy Voluntary Tax Contribution Fund (the Fund) would appear on the return from 2023 to 2030 and extend the repeal date from January 1, 2025, to January 1, 2032.

AB 742 (Calderon, Chapter 96, Statutes of 2021) modified provisions of the School Supplies for Homeless Children Fund by renaming the fund as the School Supplies for Homeless Children Voluntary Tax Contribution Fund and extending the provisions of the fund to January 1, 2029, unless the specified minimum contribution amount is not met and specifying that amounts transferred to the fund would be continuously appropriated.

AB 1031 (Walderon, Chapter 504, Statutes of 2017) extended the repeal date and modified requirements of the Rare and Endangered Species Preservation Voluntary Tax Contribution Program from January 1, 2018, to December 1, 2025. Additionally, it created the Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund.

## PROGRAM BACKGROUND

The Rare and Endangered Species Preservation Voluntary Tax Contribution Program first appeared on the 1983 return and the following are the total annual contributions to this fund for the past three years:

<u>2021</u>	<u>2022</u>	<u>2023</u>
\$579,719	\$479,150	\$441,935

The Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund first appeared on the 2017 return and the following are the total annual contributions to this fund for the past three years:

<u>2021</u>	<u>2022</u>	<u>2023</u>
\$465,685	\$349,586	\$318,078

## FISCAL IMPACT

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

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## ECONOMIC IMPACT

### *Revenue Estimate*

This bill would result in the following revenue losses:

### **The Rare and Endangered Species Preservation Voluntary Tax Contribution Program**

Estimated Revenue Impact of AB 1828 as Introduced January 12, 2024

Assumed Enactment After June 30, 2024

<b>Fiscal Year</b>	<b>Revenue</b>
2024-2025	n/a
2025-2026	n/a
2026-2027	-\$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.

### *Revenue Discussion*

This bill would extend the repeal date for the Rare and Endangered Species Preservation Voluntary Tax Contribution Program from January 1, 2025, to January 1, 2032.

The estimate assumes the fund would receive the \$250,000 minimum contribution amount each year. Approximately 35 percent of taxpayers who contribute to voluntary contribution funds itemize their deductions. It is estimated that the average tax rate for these taxpayers is 6 percent, resulting in an estimated revenue loss of approximately \$5,000 annually.

Contributions would be made when the 2025 return is filed by April of 2026. Subsequently, the deduction for the contribution would be claimed when the 2026 return is filed by April 15, 2027; therefore, the revenue impact would occur in fiscal year 2026-2027.

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**The Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund**

Estimated Revenue Impact of AB 1828 as Introduced January 12, 2024

Assumed Enactment After June 30, 2024

<b>Fiscal Year</b>	<b>Revenue</b>
2024-2025	n/a
2025-2026	-\$5,000
2026-2027	-\$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.

*Revenue Discussion*

This bill would extend the Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund from January 1, 2025, to January 1, 2031.

The estimate assumes the fund would receive the \$250,000 minimum contribution amount each year. Approximately 35 percent of taxpayers who contribute to voluntary contribution funds itemize their deductions. It is estimated that the average tax rate for these taxpayers is 6 percent, resulting in an estimated revenue loss of approximately \$5,000 annually.

Contributions would be made when the 2024 return is filed by April of 2025. Subsequently, the deduction for the contribution would be claimed when the 2025 return is filed by April 15, 2026; therefore, the revenue impact would occur in fiscal year 2025-2026.

**LEGAL IMPACT**

None noted.

**APPOINTMENTS**

None noted.

**SUPPORT/OPPOSITION**

To be determined.

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## **ARGUMENTS**

To be determined.

## **LEGISLATIVE CONTACT**

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