



Bill Analysis

Author: Muratsuchi and Rivas

Sponsor:

Bill Number: AB 3051

Related Bills: See Legislative
History

Amended March 21, 2024,
April 8, 2024, and April 22, 2024

SUBJECT

California K–12 Climate Change Education Voluntary Tax Contribution Fund

SUMMARY

This bill, under the Administration of Franchise and Income Tax Laws (AFITL), would create the California K–12 Climate Change Education Voluntary Tax Contribution Fund (the Fund) and would allow a taxpayer to make a voluntary contribution to the Fund on their state personal income tax return.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The March 21, 2024, amendments removed intent language relating to the creation of a voluntary contribution fund and replaced it with the provisions discussed in this analysis.

The April 8, 2024, amendments renamed the fund, added a repeal date, and modified the provisions related to the allocation of the funds.

The April 22, 2024, amendments added a coauthor and modified the environmental education program administrative cost limit.

This is the Franchise Tax Board's (FTB) first analysis of this bill. This analysis only addresses the provisions that would impact the FTB.

REASON FOR THE BILL

The reason for this bill is to support California K-12 climate change education initiatives.

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ANALYSIS

This bill would establish the Fund and would, for taxable years beginning on or after January 1, 2024, 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 FTB, after another voluntary contribution fund is removed or as soon as space is available, to revise the form of the return to include a designation space for the 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 support California K–12 Climate Change Education initiatives that focus on teacher professional learning; California-focused, standards-based climate curriculum implementation; collaborations with community-based nongovernmental organizations and higher education institutions; and student-driven environmental stewardship projects in school districts and county offices of education.
- Allow a charitable contribution deduction on the state income tax return for the year in which a contribution is made.
- Require the FTB to estimate by September 1 of each calendar year after the first calendar year that the Fund appears on the return whether contributions made under this bill would be less than \$250,000.
- The FTB would be required to provide written estimates to the Office of Environmental Justice, Tribal Relations, Education and Outreach.
- The law authorizing designations for the Fund would remain in effect until January 1, 2031, and would be repealed on December 1, 2031, unless FTB estimates that contributions will be less than \$250,000. Then the law would be inoperative for taxable years beginning on or after January 1 of that calendar year, and would be repealed as of December 1 of that year.

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The FTB would be required to notify the Controller of the amount to be transferred to the Fund. Amounts transferred to the Fund would be continuously appropriated and allocated as follows:

- To the FTB and the Controller for reimbursement of associated administrative costs, and
- To the Department of Resources Recycling and Recovery's Office of Environmental Justice, Tribal Relations, Education and Outreach to award grants to school districts, county offices of education, resource conservation districts, district and county office of education partnerships with higher education institutions, and community-based nongovernmental organizations focused on environmental and climate change education, including, but not limited to, zoos, aquaria, nature centers, outdoor science schools, and intermediary backbone organizations.
 - The Office of Environmental Justice, Tribal Relations, Education and Outreach would be required to work with Ten Strands and the California Environmental Education Foundation in granting awards and overseeing the grant program.
 - Grant applicants would be required to provide information on how their initiative will be equitable and inclusive of low-income communities and communities of color.
 - The Office of Environmental Justice, Tribal Relations, Education and Outreach would require grant recipients to submit a detailed action plan, measurable outcomes, timeline, budget, and a final report that includes documented evidence of completed tasks and expenditures.

The Office of Environmental Justice, Tribal Relations, Education, and Outreach may not use more than 5 percent of the moneys in the fund for its administrative costs.

Effective/Operative Date

This bill would be effective on January 1, 2025, and specifically operative for taxable years beginning on or after January 1, 2024.

Federal/State Law

Federal Law

No comparable provision in federal law.

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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 FTB is required to determine whether estimated contributions to specified funds 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.

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.

Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

None noted.

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LEGISLATIVE HISTORY

AB 1983 (Maienschein, 2023/2024) would create Prevention of Animal Homelessness and Cruelty Voluntary Tax Contribution Fund. The Prevention of Animal Homelessness and Cruelty Voluntary Tax Contribution Fund would appear on the return from 2024 to 2034. This bill is in the Senate pending referral.

AB 511 (Dixon, Chapter 265, Statutes of 2023) established the California ALS Research Network Voluntary Tax Contribution Fund. The California ALS Research Network Voluntary Contribution Fund would appear on the return from 2024 to 2031.

PROGRAM BACKGROUND

None noted.

FISCAL IMPACT

The FTB's costs to implement this bill have yet to be determined. As the bill moves through the legislative process, costs will be determined.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 3051 as Amended April 22, 2024
Assumed Enactment after June 30, 2024

| Fiscal Year | Revenue |
|--------------------|----------------|
| 2024-2025 | \$0 |
| 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.

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Revenue Discussion

This bill would add the California K-12 Climate Change Education Voluntary Tax Contribution Fund to the voluntary contribution funds listed on the state's personal income tax return. The estimate assumes that the fund would receive \$250,000 in contributions each year.

Approximately 35 percent of taxpayers who contribute to voluntary contribution funds itemize their deductions. The estimate assumes the fund would receive \$250,000 in contributions each year. 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 taxable year 2024 return is filed by April of 2025. Subsequently, the deduction for the contribution would be claimed on the 2025 return 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

Support

According to the April 12, 2024, the Assembly Committee on Revenue and Taxation analysis of AB 3051, the following organizations support this bill:

350 Humboldt; 7th Generation Advisors; Acorn Group; Acterra: Action for a Healthy Planet; Agua Hedionda Lagoon Foundation; Art and Wilderness Institute; Association for Environmental Education; Cabrillo Unified School District; California Environmental Education Foundation; California Green Business Network; Camp Chrysalis; Camp Ocean Pines; Campaign for Environmental Literacy; Center for Ecoliteracy; Children's Environmental Literacy Foundation; Community Action for a Sustainable Alameda; CSC Oakland Zoo; Dorris Dann Kids Campus; Edible Schoolyard Project; Escondido Creek Conservancy; Extinction Rebellion San Francisco Bay Area; Farm Discovery at Live Earth; Follow Your Bliss, LLC; Friends of the Los Angeles River; Generation:NOW!; Golden View Elementary School; Grades of Green; Green Schools National Network, Inc.; Initiative for Climate Leadership and Resilience; Inland Northern Science Project; Lively Financial Coaching; Living Classroom; Monterey Bay Aquarium; Monterey Bay Center for Environmental Literacy;

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One Cool Earth; O'Neill Sea Odyssey; Pacific Grove Museum of Natural History; Point Reyes National Seashore Association; Regeneracion – Pajaro Valley Climate Action; Roots to Branches; Sacramento Splash; Salama Heritage Ecovillage (SHE) Africa Ltd; San Joaquin County Office of Education; San Mateo County Office of Education; Santa Clara Valley Audubon Society; Santa Cruz County Democratic Party; Santa Cruz County Office of Education; Santa Cruz Museum of Natural History; Save the Whales; Sea Studios Foundation; SEI; Sembrando Lab; State Education and Environment Roundtable; Sustainable Environment Institute of the LACCD; Sustainable Systems Research Foundation; Ten Strands; Turn for Turn LLC, Earth Matters Game; Watershed Project; Watsonville High School Environmental Academy; Watsonville High School SAVE Club; Web of Life Field School; WildCare; Wildlands Conservancy; Wonder Valley Outdoor Education Center; US Green Building Council California; 210 individuals.

Opposition

Per the same analysis, there is no opposition on file.

ARGUMENTS

Proponents

Per the same analysis, the bill is supported by Ten Strands, which notes the following:

Beginning in the 2024-25 school year, California schools will be required by AB 285 (Rivas) to provide climate change education to all students in grades 1-12 in science. To support this historic implementation of statewide climate education, our Coalition, led by Ten Strands and the California Environmental Education Foundation (CEEF), supports the creation of the California K-12 Climate Change Education Voluntary Tax Contribution Fund to create the state's first Climate Change Education Grant Program. The grant program will provide essential funding to train and empower teachers and students to develop climate literacy and engage with climate solutions and actions as an essential part of effective climate education. To promote climate literacy and youth preparedness for the future, we ask for your support of AB 3051.

Opponents

Per the same analysis, there is no opposition on file.

LEGISLATIVE CONTACT

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