



Bill Analysis

Author: Dixon

Sponsor:

Bill Number: AB 511

Related Bills: See Legislative
History

Introduced: February 7, 2023
Amended: March 23, 2023

SUBJECT

California ALS Research Network Voluntary Tax Contribution Fund

SUMMARY

This bill, under the Administration of Franchise and Income Tax Law, would establish provisions for the California ALS Research Network Voluntary Tax Contribution Fund.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The March 23, 2023, amendments removed general nonsubstantive changes made to a general voluntary contribution Fund language and replaced it with the provisions discussed in this analysis.

This is the department's first analysis of this bill.

REASON FOR THE BILL

The reason for this bill is to provide a reliable source of funding to bring together California's academic, clinical, and scientific infrastructure to advance the collective understanding of the causes, cures, and prevention of amyotrophic lateral sclerosis (ALS).

ANALYSIS

This bill would establish the California ALS Research Network Voluntary Tax Contribution Fund (Fund) and would, for taxable years beginning on or after January 1, 2024, and before January 1, 2028, allow taxpayers to designate 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 must be made on the original return for the taxable year and once made, are irrevocable.

Introduced February 7, 2023, and Amended March 23, 2023

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 Franchise Tax Board (FTB) 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 the collaboration of clinicians, scientists, and academic and industry research organizations relating to the cure, screening, and treatment of ALS:
 - Allow a charitable contribution deduction on the state income tax return for the year in which a contribution to this Fund is made.
 - Allow the voluntary contribution designation to remain on the tax return through the 2027 tax return, subject to the annual estimated contribution meeting or exceeding \$250,000.
 - Require the FTB, to estimate, by September 1 of each calendar year after the first calendar year the Fund appears on the return, whether contributions made to the Fund would equal or exceed \$250,000.

The law authorizing designations for the Fund would become inoperative for taxable years beginning on or after January 1 of the calendar year in which FTB estimates that contributions will be less than \$250,000. The law would be repealed as of December 1 of that year.

Effective/Operative Date

This bill would be effective January 1, 2024, and operative for taxable years beginning on or after January 1, 2024, and before January 1, 2028.

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 20 voluntary contribution funds listed on the 2022 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.

Introduced February 7, 2023, and Amended March 23, 2023

Generally, funds remain on the return until they are either repealed by operation of law or fail to meet a minimum contribution amount.

FTB is required to determine, for each Fund that has a minimum contribution threshold by September 1 of each calendar year, beginning on the second calendar year the Fund appears on the tax return, whether the estimated contributions to the Fund will equal or exceed 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 Web site 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.

Introduced February 7, 2023, and Amended March 23, 2023

LEGISLATIVE HISTORY

AB 559 (Boerner Horvath, 2023/2024) would extend the tax years that the California Senior Citizen Advocacy Voluntary Tax Contribution Fund would appear on the return from 2023 to 2030 and extend the repeal date from December 1, 2025, to December 1, 2032. This bill is currently in the committee process.

AB 742 (Calderon, Chapter 96, Statutes of 2021) Renamed the Fund as the School Supplies for Homeless Children Voluntary Tax Contribution Fund and extended the repeal date to 2029, unless the minimum contributions limits are not met.

AB 1065 (Maienschein, Chapter 61, Statutes of 2021) created the Mental Health Help Program Voluntary Tax Contribution Fund.

AB 519 (Levine, Chapter 443, Statutes of 2017) created the California Senior Citizen Advocacy Voluntary Tax Contribution Fund.

SB 347 (Caballero, et al., Chapter 104, Statutes of 2021) Created the California Community and Neighborhood Tree Voluntary Tax Contribution Fund.

SB 309 (Rubio, Chapter 325, Statutes of 2019) repealed the minimum contribution amount and related indexing provision applicable to the California Senior Citizen Advocacy Voluntary Tax Contribution Fund through January 1, 2025.

PROGRAM BACKGROUND

The ALS – Lou Gehrig’s Disease Research Fund (Fund) first appeared on the 2008 return however, it failed to meet the minimum requirement and was repealed in 2009. The Fund made a second appeared on the 2011 return, before failing to meet the minimum requirement once again in 2012. The following are the total annual contributions to this Fund:

<u>2008</u>	<u>2009</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$200,041	\$114,051	\$137,290	\$131,655	\$87

FISCAL IMPACT

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

Introduced February 7, 2023, and Amended March 23, 2023

ECONOMIC IMPACT

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 511 as Amended March 23, 2023
Assumed Enactment After June 30, 2023

(\$ in Dollars)

Fiscal Year	Revenue
2023-2024	\$0
2024-2025	-\$5,000
2025-2026	-\$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.

LEGAL IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

To be determined.

ARGUMENTS

To be determined.

LEGISLATIVE CONTACT

FTBLegislativeServices@ftb.ca.gov