

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Neutral
SPONSOR: California Senior Legislature

BILL NUMBER: SB 91
AUTHOR: L. Correa

BILL SUMMARY: Income Taxes: Contributions: Senior Citizens

This bill would extend the sunset date for the California Fund for Senior Citizens from January 1, 2010, to January 1, 2015.

FISCAL SUMMARY

The Franchise Tax Board (FTB) estimates that personal income tax revenues would be reduced by \$15,000 annually as a result of this bill. This bill is not expected to significantly affect the operating costs of the FTB or the State Controller's Office.

COMMENTS

The Department of Finance is neutral on this bill and notes that it would preserve the mechanism for the taxpayers' financial support of the California Senior Legislature, which is primarily funded by the California Fund for Senior Citizens.

Analyst/Principal (0727) P. Ng	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
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BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

L. Correa

Original

SB 91

ANALYSIS

A. Programmatic Analysis

Existing state law permits taxpayers to make contributions of their own funds on their tax returns to fifteen voluntary contribution funds. Taxpayers simply check-off on their tax forms where they would like the money donated. Unlike the federal tax check-off, that directs a portion of the taxpayer's tax to the presidential election fund and does not affect the taxpayer's tax liability or refund amount, the state tax check-off is a donation of the taxpayer's own money which permits an itemized deduction in the following year for personal income tax purposes. Currently available "check-off" funds are listed below. Applicable sunset dates are noted in parenthesis.

1. California Seniors Special Fund (none)^{a/}
2. Alzheimer's Disease/Related Disorders Fund (1/1/2010)
- 3. California Fund for Senior Citizens (1/1/2010)**
4. Rare and Endangered Species Preservation Fund (1/1/2013)
5. State Children's Trust Fund for the Prevention of Child Abuse (1/1/2013)
6. California Breast Cancer Research Fund (1/1/2013)
7. California Firefighters' Memorial Fund (1/1/2016)
8. Emergency Food Assistance Program Fund (1/1/2014)
9. California Peace Officer Memorial Foundation Fund (1/1/2016)
10. California Military Family Relief Fund (1/1/2015)
11. California Sea Otter Fund (1/1/2012)
12. ALS/Lou Gehrig's Disease Research Fund (1/1/2013)
13. California Cancer Center Research Fund (1/1/2013)
14. California Ovarian Cancer Research Fund (1/1/2013)
15. Municipal Shelter Spay and Neuter Fund (1/1/2013)

^{a/} The California Seniors Special Fund check-off is permanent and taxpayers are allowed to donate all or part of their senior exemption credit.

Current law allows the Franchise Tax Board (FTB) to add contingent income tax check-offs to the return if there is room to do so, regardless of how many check-offs were removed from the return that year. When adding contingent check-offs to the return, the FTB follows a statutory ordering rule based on the date of enactment for voluntary contribution designations to be added to the tax form. The first check-off added is based on the earliest date of enactment or the lowest chapter number if enacted on the same date.

Generally, the check-offs are required to meet a minimum contribution test of \$250,000 on an annual basis. The intent of the \$250,000 minimum contribution requirement (except for California Fund for Senior Citizens, this amount is adjusted for inflation in subsequent tax years) is to ensure that check-off funds have sufficient public support to warrant continued placement on the tax return. The California Firefighters' Memorial Fund and the California Peace Officer Memorial Fund are required to meet the contribution test only when their respective repeal dates are deleted by another statute. Only the California Seniors Special Fund on the above list is not subject to the minimum contribution requirement.

The California Fund for Senior Citizens was established to provide funding for the California Senior Legislature which consists of volunteers who develop senior-related legislative proposals in such areas as healthcare, housing, transportation, and community services. Annual contributions to the

L. Correa

Original

SB 91

California Fund for Senior Citizens have consistently exceeded the \$250,000 annual minimum contribution requirement.

This bill would extend the sunset date for the California Fund for Senior Citizens from January 1, 2010, to January 1, 2015.

B. Fiscal Analysis

To the extent contributions would not be made to another charity in the absence of this voluntary contribution, this bill would increase itemized deductions and reduce revenues by a minor amount. The Franchise Tax Board (FTB) estimates that personal income tax revenues would be reduced by \$15,000 annually as a result of this bill, assuming \$250,000 in contributions beginning in fiscal year 2009-10 and an average marginal tax rate of 6 percent. This bill is not expected to significantly affect the operating costs of the FTB or the State Controller's Office

Code/Department Agency or Revenue Type	SO		(Fiscal Impact by Fiscal Year)							Fund Code
	LA	CO	(Dollars in Thousands)							
	RV	PROP 98	FC	2008-2009	FC	2009-2010	FC	2010-2011		
1147/Pers Inc Tax	RV	Yes		--		--	U	-\$15	0001	
1730/FTB	SO	No		-----	No/Minor Fiscal Impact	-----			0983	
0840/Controller	SO	No		-----	No/Minor Fiscal Impact	-----			0983	
<u>Fund Code</u>	<u>Title</u>									
0001	General Fund									
0983	Fund for Senior Citizens, California									