
This bill changes the name of the Emergency Food Assistance Program Fund to the Emergency Food for Families Voluntary Tax Contribution Fund and extends the sunset date of the renamed fund from January 1, 2019 to January 1, 2026. This bill also establishes the CalFood Account in the new fund.

FISCAL SUMMARY

The Franchise Tax Board (FTB) estimates that this bill would reduce General Fund revenues by $20,000 annually beginning in 2020-21.

This bill would not significantly impact the departmental costs of the FTB or the Department of Social Services.

SUMMARY OF CHANGES

The June 12 and June 28 amendments removed the indexing requirement for the minimum annual contribution amount and do not change the Department of Finance's position.

COMMENTS

The Department of Finance is opposed to this bill due to the extension of the sunset date. While providing food assistance is an important policy goal, the state should not use the personal income tax return to endorse, without any objective criteria or standards, particular organizations or programs with the ability to use the state tax return to raise money over other worthy organizations or programs working toward similar policy goals. This is inequitable tax policy.

The changes to the voluntary contribution funds proposed in this bill are consistent with the standards set forth in Chapter 597, Statutes of 2016 (SB 1476) that were intended to increase the transparency and efficiency of the voluntary contribution program and make it easier for the charitable contributions to reach their intended recipients faster. While Finance is not supportive of the voluntary contribution fund program, as long as the program exists, the standards set forth in SB 1476 are reasonable to help ensure that taxpayer contributions get to their intended target as efficiently as possible.

ANALYSIS

1. Programmatic Analysis

Existing state law permits taxpayers to make contributions of their own funds on their tax returns to 19 voluntary contribution funds by checking a box on their tax forms to denote where they would like the money to be donated. Unlike the federal tax check-off, which 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 that permits an itemized deduction in the following year for personal income tax purposes. Currently available check-off funds are listed below, and applicable sunset dates are noted.

- Alzheimer's Disease/Related Disorders Fund (1/1/2020)
- California Breast Cancer Research Fund (1/1/2018)
- California Cancer Research Fund (1/1/2018)
- California Domestic Violence Victims Fund (1/1/2021)
- California Firefighters' Memorial Fund (1/1/2021)
- California Peace Officer Memorial Foundation (1/1/2021)
- California Sea Otter Fund (1/1/2021)
- California Seniors Special Fund (None—this is a permanent check-off and taxpayers are allowed to donate all or part of their senior exemption credit)
- Emergency Food for Families Fund (1/1/2019)
- Keep Arts in Schools Fund (1/1/2018)
- Prevention of Animal Homelessness and Cruelty Fund (1/1/2020)
- Protect Our Coasts and Oceans Fund (1/1/2018)
- Rare and Endangered Species Preservation Program (1/1/2018)
- Revive the Salton Sea Fund (1/1/2021)
- School Supplies for Homeless Children Fund (1/1/2022)
- Special Olympics Fund (1/1/2021)
- State Children's Trust Fund for the Prevention of Child Abuse (1/1/2020)
- State Parks Protection Fund/Park Pass Purchase (No sunset date)
- Type 1 Diabetes Research Fund (1/1/2021)

Most check-offs are required to meet a minimum contribution test of $250,000, indexed for inflation on an annual basis. The intent of the $250,000 minimum contribution requirement is to ensure that check-off funds have sufficient public support to warrant continued placement on the tax return. If a fund does not meet the minimum contribution amount by its second year, the fund will drop off of the tax return the following year.

Existing law allows the FTB to add new income tax check-offs to the return, regardless of how many check-offs were removed from the return that year. The FTB will generally extend the tax form or add a new page if space is not currently available on the tax return.

This bill changes the name of the Emergency Food Assistance Program Fund to the Emergency Food for Families Voluntary Tax Contribution Fund and extends the sunset date of the renamed fund from January 1, 2019 to January 1, 2026. This bill also establishes the CalFood Account in the new fund. The bill sets the fund's annual minimum contribution amount at a non inflation-adjusted $250,000. The proceeds deposited in this fund will be allocated to the CalFood Program by the State Department of Social Services. This bill establishes various reporting requirements for the Department of Social
ANALYSIS (continued)

Services related to the administration of this program.

Discussion

A background sheet provided by the author's office states the following: "The Emergency Food for Families Voluntary Contribution Fund uses dollars donated from personal income tax returns to support the functions of the California Association of Food Banks (CAFB). CAFB represents over 40 food banks that work with 6,000 charities to provide food to Californians. On average, $1 donated can purchase five meals. In 2016, taxpayers donated half a million dollars through their tax returns, which translated to about 2.5 meals."

The Emergency Food Assistance Program Fund has been renamed in the past. Chapter 203, Statutes of 2008 (SB 1101) changed the name of the fund from the Emergency Food Assistance Program Fund to the Emergency Food for Families Fund, and also extended the sunset date from January 1, 2009 to January 1, 2014. Chapter 222, Statutes of 2013 (SB 116) extended the sunset date of the renamed fund from January 1, 2014 to January 1, 2019.

Chapter 597, Statutes of 2016 (SB 1476) established general requirements for any new or extended voluntary contribution funds. These general requirements are as follows: 1) including the words "voluntary tax contribution" as part of the name of the fund; 2) reporting the process for awarding funds on the administering agency’s website; 3) establishing that the fund remain in effect until January 1 of the seventh calendar year after the fund’s first appearance on the tax return; 4) reaching a yearly minimum fund contribution amount of $250,000 beginning the second calendar year after the fund’s first appearance on the tax return; and 5) continuously appropriating contributions from the fund to the administering agency. This bill generally conforms to these requirements.

Annual contributions to this fund in the past five taxable years have been as follows: $459,291 in 2013; $452,667 in 2014; $460,883 in 2015; $503,976 in 2016; and $287,052 in 2017 year-to-date. The minimum fund contribution amount has been met in each of these years.

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