

SUMMARY ANALYSIS OF AMENDED BILL

Author: Baker, et al Analyst: Funmi Obatolu Bill Number: AB 1399
Related Bills: See Prior Telephone: 845-5845 Amended Date June 9, 2016
Analysis Attorney: Bruce Langston Sponsor: _____

SUBJECT: California Domestic Violence Victims Fund

SUMMARY

Under the Personal Income Tax Law (PITL), this bill would establish the California Domestic Violence Victims Fund (Domestic Violence Victims Fund) and allow a taxpayer to make a voluntary contribution to the Domestic Violence Victims Fund on the state personal income tax return.

This analysis only addresses the provisions of the bill that impact the department’s programs and operations.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The June 9, 2016, amendments changed the name of the fund to Domestic Violence Victims Fund and resolved one of the department’s technical considerations discussed in the department’s analysis of the bill as amended January 4, 2016.

Except for the “This Bill,” “Technical Considerations,” and “Support/Opposition” sections, the remainder of the department’s analysis of the bill as amended January 4, 2016, still applies. The “Fiscal Impact” and “Economic Impact” sections have been restated for convenience.

SUMMARY OF SUGGESTED AMENDMENTS

Amendments 1 through 4 are suggested to remove unnecessary language and renumber subdivisions.

THIS BILL

This bill would establish the Domestic Violence Victims Fund and would allow taxpayers to designate their own funds (not tax liability) for contribution to this fund on their personal income tax returns in full dollar amounts of \$1 or more. Each signatory on a joint return may make the contributions individually. The designations for any taxable year must be made on the initial return for the taxable year and, once made, are irrevocable.

This bill would 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. Further, contributions for which no designation is specified would be transferred to the general fund, and if an individual designates a contribution to more than one account or fund and the amount available is insufficient to satisfy the total amount designated, the contribution would be allocated among the designees on a pro rata basis

This bill would require the Franchise Tax Board (FTB) to revise the return to include a designation space for the Domestic Violence Victims Fund after another voluntary contribution fund is removed or as soon as space is available. In addition, this bill would require the return's instructions to include information that the contribution may be in the amount of one dollar or more and that the contribution would be used to further the services that California's domestic violence programs provide for victims of domestic violence.

This bill would allow a charitable contribution deduction on the state income tax return for the year in which a voluntary contribution to this fund is made.

This bill would allow the voluntary contribution designation to remain on the tax return for up to five years, subject to estimated contributions meeting or exceeding the minimum contribution amount, as specified.

For the second calendar year the Domestic Violence Victims Fund is on the return, this bill would require contributions to the Domestic Violence Victims Fund to meet the \$250,000 minimum contribution amount. The FTB would be required to estimate by September 1 of each calendar year after the first calendar year the Domestic Violence Victims Fund appears on the return whether contributions made under this bill would be less than \$250,000 (as indexed for inflation).

Beginning with the third calendar year after the fund appears on the return, the FTB would adjust the minimum contribution amount by September 1 of that calendar year. The minimum contribution amount would adjust according to the CCPI.

The law authorizing designations for the Domestic Violence Victims Fund would be inoperative as of January 1st of that calendar year and repealed as of December 1st of that year if the estimated contributions are less than the minimum contribution amount.

The FTB would be required to notify the Controller of the amount to be transferred to the Domestic Violence Victims Fund. Upon appropriation by the Legislature, all amounts transferred to the Domestic Violence Victims Fund would be allocated in the following order:

- To the FTB and the State Controller for reimbursement of costs incurred in administering the Domestic Violence Victims Fund.
- To the Office of Emergency Services for the distribution of grants to domestic violence programs in California that are in active status, as reflected on the Business Search page of the Secretary of State's Internet Web site, and that are exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code.

TECHNICAL CONSIDERATIONS

Amendments 1 through 4 would remove language that is unnecessary since existing state law provides these general rules; and renumber subdivisions.

FISCAL IMPACT

This bill would not impact the department's costs.

ECONOMIC IMPACT

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 1399 As Amended June 9, 2016 Assumed Enactment After June 30, 2016		
2016-17	2017-18	2018-19
\$0	- \$8,000	- \$8,000

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

Revenue Discussion

This bill would add the California Domestic Violence Victims Fund to the voluntary contribution funds listed on the state's personal income tax return.

This estimate assumes that \$250,000 in donations would be made each year and approximately 56 percent of taxpayers who contribute to voluntary contribution funds would itemize their deductions. It is estimated the average tax rate for these itemizing taxpayers is six percent, resulting in an estimated revenue loss of approximately \$8,000 annually (\$250,000 x 56% x 6%).

Contributions would be made in 2017 when the 2016 return is filed. Subsequently, the deduction for such contributions would be claimed on the 2017 tax year return filed by April 15, 2018; therefore, the revenue impact would not occur until fiscal year 2017-18.

SUPPORT/OPPOSITION¹

Support: Alliance for Community Transformations; California Partnership to End Domestic Violence; Center for Community Solutions; Center for Domestic Peace; Contra Costa County Board of Supervisors; Contra Costa District Attorney's Office; Fiona Ma, State Board of Equalization Chairwoman; Safe Alternatives to Violent Environments-SAVE.

Opposition: California Department of Finance

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¹ As noted on Senate Committee on Governance and Finance Analysis dated June 3, 2016

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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 1399
AS AMENDED JUNE 9, 2016

AMENDMENT 1

On page 3, strikeout lines 3 to 7, inclusive.

AMENDMENT 2

On page 3, line 8, strikeout "(e)" and insert:

(d)

AMENDMENT 3

On page 3, line 16, strikeout "(f)" and insert:

(e)

AMENDMENT 4

On page 3, line 20, strikeout "(g)" and insert:

(f)