

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Frazier Analyst: Funmi Obatolu Bill Number: AB 2371  
Related Bills: See Legislative History Telephone: 845-5845 Amended Date: May 12, 2016  
Attorney: Bruce Langston Sponsor: \_\_\_\_\_

**SUBJECT:** Special Olympics Fund

**SUMMARY**

Under the Personal Income Tax Law, this bill would establish the Special Olympics Fund and allow a taxpayer to make a voluntary contribution to the fund on their 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 May 12, 2016, amendments designated an administering agency for the fund, resolved the technical consideration discussed in the department’s analysis of the bill as amended on March 18, 2016, and made other minor technical changes. Except for the “This Bill” section, the remainder of the department’s analysis of the bill as amended on March 18, 2016, still applies. The “Fiscal Impact”, “Economic Impact,” and “Support/Opposition” sections have been restated for convenience.

**THIS BILL**

This bill would establish the Special Olympics 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 original return for the taxable year and, once made, are irrevocable.

This bill would specify that if payments and credits reported on the return are less than or equal to the taxpayer’s liability, the taxpayer’s return would be treated as if no designation had been made.

This bill would require the Franchise Tax Board (FTB) to revise the return to include a designation space for the Special Olympics 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 conduct the activities of the Special Olympics Fund.

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 Special Olympics Fund is on the return, this bill would require contributions to the Special Olympics 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 Special Olympics 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 be required to adjust the minimum contribution amount by September 1 of that calendar year. The minimum contribution amount would adjust according to the California Consumer Price Index.

The law authorizing designations for the Special Olympics Fund would be inoperative as of January 1 of that calendar year and repealed as of December 1 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 Special Olympics Fund. Upon appropriation by the Legislature, all amounts transferred to the Special Olympics Fund would be allocated in the following order:

- To the FTB and the State Controller for reimbursement of costs incurred in administering the Fund.
- To the State Department of Developmental Services to be disbursed between Special Olympics Northern California and Special Olympics Southern California for the purposes of supporting children and adults with intellectual disabilities.
- The State Department of Developmental Services may use up to 3 percent of the moneys allocated to it for administrative costs.

## **FISCAL IMPACT**

This bill would not significantly impact the department's costs.

## **ECONOMIC IMPACT**

### **Revenue Estimate**

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 2731 As Amended May 12, 2016 Assumed Enactment After June 30, 2016 (\$ in Dollars)		
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 Special Olympics Fund to the voluntary contribution funds listed on the state's personal income tax return.

The estimate assumes that the fund will meet the minimum contribution each year as specified by the bill. Approximately 56 percent of taxpayers who contribute to voluntary contribution funds itemize their deductions. It is estimated the average tax rate for these taxpayers is six percent, resulting in an estimated revenue loss of approximately \$8,000 annually.

Contributions would be made in 2017 when the 2016 return is filed. The deduction for such contributions would be claimed on the 2017 return therefore, the revenue impact would not occur until fiscal year 2017-18.

### **SUPPORT/OPPOSITION<sup>1</sup>**

Support: Special Olympics Northern California; Special Olympics Southern California.

Opposition: None provided.

### **LEGISLATIVE STAFF CONTACT**

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<sup>1</sup> Per Author's Fact Sheet.