

Date of Hearing: April 19, 2016

ASSEMBLY COMMITTEE ON AGING AND LONG-TERM CARE

Cheryl Brown, Chair

AB 2497 (Wagner) – As Amended April 13, 2016

SUBJECT: Voluntary contributions: California Senior Legislature Fund: California Senior Citizen Advocacy Fund.

SUMMARY: Authorizes the addition of the California Senior Citizen Advocacy Fund as a voluntary contribution fund on the personal income tax return form to serve as the principle source of funding for the California Senior Legislature. Specifically, **this bill:**

- 1) Repeals the statutory authorization for the existing California Senior Legislature Fund, which supports the work of the California Senior Legislature.
- 2) Establishes the new Fund, the California Senior Citizen Advocacy Fund, in the State Treasury, to which any individual may designate a contribution in full-dollar amounts to support the California Senior Legislature's (CSL) annual session and ongoing activities.
- 3) Provides that the Fund is the successor fund of the California Senior Legislature Fund.
- 4) Requires the individual tax form to include space for the California Senior Citizen Advocacy Fund to allow individuals to contribute.
- 5) Permits contributions made to the California Senior Citizen Advocacy Fund to be treated as a deduction.
- 6) Renames and creates the California Senior Citizen Advocacy Fund within the state treasury to serve as the successor fund to the California Senior Legislature Fund.
- 7) Directs the California Senior Citizen Advocacy Fund, to reimburse the Franchise Tax Board and the Controller for costs incurred by the Franchise Tax Board and the Controller for administration of the fund.
- 8) Authorizes unspent funds to be carried-over from year to year.
- 9) Requires the Joint Rules Committee of the California Senior Legislature (CSL) to direct fund expenditures in a manner consistent with the bylaws of the CSL, established by a majority vote of the members of the CSL.
- 10) Provides that the Fund's statutory provisions shall remain in effect only for taxable years beginning before January 1, 2021, and will sunset and repeal as of December 1, 2021.
- 11) Establishes a minimum contribution requirement of \$250,000 in the Fund's second year and provides that in subsequent years the minimum contribution amount will be indexed for inflation.
- 12) Beginning in September of 2017 and on an annual basis the Franchise Tax Board shall determine the minimum contribution amount necessary for the fund to appear on the tax return for the taxable year and shall report this amount to the California Senior Legislature.

- 13) Provides an estimate of contributions during the calendar year and if they will be equal to, or exceed, the minimum amount required to remain on the form.
- 14) Eliminates the fund if contributions are estimated to be below minimum levels established by the Franchise Tax board during the tax year following the third tax year after the fund is established (2020).

EXISTING LAW:

- 1) Establishes the California Senior Legislature, comprised of two houses, with 80 and 40 members, each member serving four-year terms, elected or appointed, in all 33 Area Agencies on Aging, according to rules developed by the California Senior Legislature in cooperation with the California Association of Area Agencies on Aging.
- 2) Finds and declares that senior citizens can best assess the needs of senior citizens for public programs in health, social services, recreation, transportation, education, housing, cultural services, and other appropriate areas of service.
- 3) States that the California Senior Legislature has been effective in providing model legislation for older citizens and advocating for the needs of seniors.
- 4) Grants the California Senior Legislature full authority to define its program and utilize its funds in any way necessary to carry out the organizational duties.
- 5) Requires that funds for the California Senior Legislature be allocated from the California Senior Legislature Fund, or from private funds directed to CSL, for the purpose of funding activities of the California Senior Legislature.
- 6) Permits the California Senior Legislature to accept grants from any source, public or private, to help perform its functions.
- 7) Requires each voluntary contribution fund (VCF) to meet an annual minimum contribution amount to remain in effect, except for the California Firefighters' Memorial Fund, the California Peace Officer Memorial Foundation Fund, and the California Seniors Special Fund.

FISCAL EFFECT: Unknown

COMMENTS:

Author's Statement: "AB 2497 would re-name the contribution fund from the California senior Legislature Fund to the "California Senior Citizen Advocacy Fund" to more accurately portray the mission of the organization, and to remove the stigma of being associated with the State Legislature. This name change would provide for the retention on the Franchise Tax Board's Form 540, and thus allow the marketing and promotional efforts to continue to be pursued. Renaming the California Senior Legislature Fund is the simplest method to prevent removal from the Franchise Tax Board's Form 540, and allows the California Senior Legislature to rebuild their primary source of funding."

Background: The California Senior Legislature (CSL) is a volunteer organization which advocates for priorities to support senior citizens. The CSL pursues its priorities by way of

model legislation to present to members of the State Legislature and Congress. Traditionally, the CSL meets in a mock legislative session every fall - this year made impossible with plummeting funds.

The CSL was created in 1979 by legislation authored by then-Assembly Member Henry Mello. Volunteers are 60 years and older, elected by their peers. The CSL is organized into two committees, the Joint Rules Committee which provides for the governance, and the Legislative Committee which directs advocacy activities related to CSL priorities.

CSL has seen over 200 proposals authored by legislators and proposed into legislation. Key policy achievements include advances in Alzheimer's disease treatment and programs, and improved care in long-term care facilities, as well as expanded consumer protections addressing the prevention of elder abuse, identity theft, gender discrimination, and reverse mortgage fraud.

CSL Funding: For 35 years, CSL funding derived from taxpayer contributions. Taxpayers can contribute to voluntary contribution funds (VCFs) by checking a box and designating an amount on their state income tax returns. VCF contributions may then be claimed as charitable contributions on taxpayers' tax returns in the subsequent year. Legislation is necessary to add a VCF to the tax return, and is repealed by a sunset date or failure to generate a required minimum contribution amount. The minimum contribution amount for most VCFs is \$250,000, beginning in the fund's second year. The Franchise Tax Board (FTB) determines the minimum contribution amount required for each VCF to remain on the form and also whether contributions to each VCF meet that amount. There are 3 exceptions to the minimum level which include the California Firefighters' Memorial Foundation Fund, the California Peace Officer Memorial Foundation Fund, and, the California Seniors Special Fund which supports the Triple-A Council of California by accepting surrendered senior tax credits by those eligible for that credit. The CSL Fund has not always been subject to a minimum amount. In 1999 the Fund's sunset date was extended and a minimum contribution requirement of \$250,000 was created.

Contributions: In 2014, for the first time contributions fell below the mandatory minimum and was dropped from the form. Legislation enacted in 2014 renamed the Fund to the "California Senior Legislature Fund." Contributions plummeted to less than 25% of previous average contribution amounts. Due to the loss of funds, CSL has been forced to eliminate important advocacy activities, suspended its annual session, and reduced staff. AB 2497 is an attempt to re-constitute the organization by returning the fund to its original title.

Arguments in Support: Individuals writing in support of AB 2497 state that "4.3 million individual age 65 and over are expected to nearly triple to 12.4 million by 2060. With these numbers, it is imperative that the CSL continue to inform the Legislature of key issues affecting California seniors." They cite many legislative proposals resulting in state laws that have contributed to improved lives of older people and others in California.

Arguments in Opposition: None

Related Legislation

SB 1249 (Alquist), Chapter 645, Statutes of 2006 removes the annual inflation factor adjustment on the minimum tax contributions for the California Fund for Senior Citizens, and reduces and

fixes the minimum contribution threshold amount in order for the checkoff to remain on the tax return at \$250,000.

SB 997 (Morrell), Chapter 248, Statutes of 2014 repealed authorization for the California Fund for Senior Citizens, which supported work of the California Senior Legislature, and authorized the creation of a new California Senior Legislature Fund as a voluntary contribution fund on the personal income tax return for taxable years beginning on or after January 1, 2014.

REGISTERED SUPPORT / OPPOSITION:

Support

Numerous individuals.

Opposition

None on file.

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