

Date of Hearing: April 18, 2017

ASSEMBLY COMMITTEE ON AGING AND LONG-TERM CARE

Ash Kalra, Chair

AB 519 (Levine) – As Amended April 3, 2017

SUBJECT: Personal income tax: voluntary contributions: 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 principal source of funding for the California Senior Legislature. Specifically, **this bill:**

- 1) Establishes the California Senior Citizen Advocacy Fund, in the State Treasury.
- 2) Requires the Franchise Tax Board to include on an individual tax form the California Senior Citizens Advocacy Fund to allow individuals to contribute.
- 3) For taxable years beginning on or after January 1, 2017, any individual may designate on the tax return that a contribution in excess of the tax liability be made to the California Senior Citizen Advocacy Fund to be used to conduct the sessions of the California Senior Legislature and to support its ongoing activities on behalf of older persons.
- 4) Permits contributions made to the California Senior Citizen Advocacy Fund to be treated as a deduction.
- 5) 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.
- 6) Authorizes unspent funds to be carried-over from year to year.
- 7) 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.
- 8) The California Senior Legislature's Internet Web site shall report the goals of the organization, the number of and summary of bills proposed by the California Senior Legislature, and all events the California Senior Citizen Advocacy Fund supports each year.

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: "The California Senior Legislature has been an effective tool for senior citizens in California to create meaningful change in their government and their communities. This model of civic education gives individuals a lesson in the legislative process, while also providing a forum to advocate for policy issues to the state and federal government. Participation is imperative to our democracy, and as our population ages, the California Senior Legislature must be able to continue their role of advising the state legislature on policies that affect them."

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, made impossible in 2015 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.

How Voluntary Contribution Funds (VCF) Work: 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. 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.

History of CSL Funding and Contributions: The California Senior Legislature was originally supported by the California Fund for Senior Citizens which, the FTB notes, first appeared on the 1983 personal income tax (PIT) returns. 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, and, unlike most other VCF thresholds, was not annually adjusted for inflation.

While the California Fund for Senior Citizens received only \$234,247 in valid contributions in 2013, the VCF was still placed on the 2013 PIT return. This is because, by September 1, 2013, the FTB estimated (incorrectly, it turns out) that the California Fund for Senior Citizens would meet its minimum contribution amount for the year.

What happened next? In 2014, contributions to the California Fund for Senior Citizens lagged slightly behind contributions in the prior year. The California Senior Legislature grew understandably concerned that the California Fund for Senior Citizens would not meet its minimum contribution amount in 2014, thereby jeopardizing the VCF's place on the 2014 PIT return.

Thus, the California Senior Legislature advocated for the enactment of SB 997 (Morrell), Chapter 248, Statutes of 2014, which sunset the California Fund for Senior Citizens and effectively replaced it with a newly named VCF – the California Senior Legislature Fund. SB 997 (Morrell) was designed to serve two main purposes. First, it ensured that a VCF supporting the work of the California Senior Legislature was included on the 2014 PIT return, thus allowing the California Senior Legislature to continue its work. In exchange for this temporary reprieve from a minimum contribution requirement, the California Senior Legislature agreed to index the new California Senior Legislature Fund's minimum contribution requirement for inflation in subsequent years. Second, SB 997 (Morrell) included the California Senior Legislature's name in the newly enacted VCF to make promotion of the fund easier and to avoid taxpayer confusion with the California Seniors Special Fund.

Unfortunately, the newly named California Senior Legislature Fund did not generate significant support following its creation. In 2015, the fund generated only \$60,137 in valid contributions. Moreover, in 2016 the fund only generated \$68,950. The California Senior Legislature speculates that this dramatic drop in historic contribution levels is associated with the addition of the word "Legislature" in the fund's name. Thus, they are advocating for this bill, which would add a third VCF to the form highlighting the California Senior Legislature's advocacy work.

Traditionally, the Assembly Revenue and Taxation Committee's VCF Policy provides that VCFs "that have failed to meet their minimum contribution requirement will not be extended or reauthorized." The Committee's policy also required a sunset date. The Committee's VCF

Policy was originally adopted in response to the proliferation of VCF legislation and in recognition of the fact that space on the PIT return is limited.

The amendments adopted in the Assembly Revenue and Taxation Committee eliminated the minimum contribution requirement and the sunset date.

Proponents of this bill might argue that the California Senior Legislature should once again be given special dispensation given their vital work advancing the interests of senior Californians. Critics, however, might contend that it is unfair to give this one organization special treatment in light of the many other VCFs whose public support has diminished in recent years. There are no fewer than 30 VCFs that have been eliminated from the return in recent years, mainly for failing to meet their minimum contribution amount.

Arguments in Support: Letters received in support of AB 519 state that, “Given the state’s demographics and the anticipated growth in the number of Californians aged 60 and over, it is important to ensure the continuation of a robust CSL for our residents.” They cite many legislative proposals resulting in state laws have contributed to improved lives of people 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

California Senior Legislature – Sponsor
California Association for Health Services at Home (CAHSAH)
California Association of Public Authorities (CAPA)
County Welfare Directors Association of California (CWDA)
Two individuals.

Opposition

None on file.

Analysis Prepared by: Barry Brewer / AGING & L.T.C. / (916) 319-3990