

Date of Hearing: July 9, 2019

ASSEMBLY COMMITTEE ON AGING AND LONG-TERM CARE

Adrin Nazarian, Chair

SB 309 (Rubio) – As Amended April 22, 2019

SENATE VOTE: 38-0

SUBJECT: Personal income tax: California Senior Citizen Advocacy Voluntary Tax Contribution Fund

SUMMARY: Eliminates the requirement for a minimum contribution amount necessary to sustain the California Senior Citizen Advocacy Voluntary Tax Contribution Fund (Fund) on the personal income tax (PIT) return the following year, thereby allowing the Fund to remain on the return until the Fund's statutory provisions' existing repeal date of January 1, 2025. Specifically, **this bill:**

- 1) Deletes the current statutory provisions requiring the Fund to generate a minimum amount of taxpayer contributions to remain on the PIT return.
- 2) Provides that notwithstanding Revenue and Taxation Code (R&TC) Sections 18873(c) and 18874, the Fund's statutory provisions shall remain in effect until January 1, 2025.
- 3) Provides that this bill is an urgency measure necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect.
- 4) Specifies that the facts constituting the necessity are:
 - a) To ensure the California Senior Legislature, which advocates for and protects California's senior citizens, continues to receive funding through voluntary tax contributions without being subject to a minimum contribution requirement as soon as possible, it is necessary that this bill take effect immediately.

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) Allows taxpayers to contribute to one or more of 27 voluntary contribution funds (VCFs) on the 2018 PIT return.
- 6) Provides a specific sunset date for each VCF, except for the California Seniors Special Fund and the State Parks Protection Fund.
- 7) Requires each 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.
- 8) Provides that the minimum contribution amount that must be received for a VCF to continue appearing on the PIT return is \$250,000 for the second calendar year after the VCF's first appearance on the return and each calendar year thereafter. (R&TC Section 18873(c)(2).)
- 9) Provides that by September 1 of the second calendar year and each subsequent calendar year that the Fund appears on the tax return, the Franchise Tax Board (FTB) must determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount of \$250,000 for the calendar year. If the FTB determines that the amount of contributions estimated to be received during a calendar year will not at least equal \$250,000 for the calendar year, the Fund's statutory provisions shall be inoperative with respect to taxable years beginning on or after January 1 of that calendar year.

FISCAL EFFECT: According to the Senate Appropriations Committee, SB 309 as amended April 22, 2019:

- The Franchise Tax Board (FTB) estimates that, beginning in 2025-26, this bill would result in an annual revenue loss of \$8,000 (General Fund).
- The State Controller's Office (SCO), and FTB would be reimbursed for related administrative costs.

COMMENTS:

According to the author, "This bill will continue to keep our aging population engaged and active in the legislative process. The California Senior Legislature (CSL) is a vital statutorily authored body whose mission is to enhance the quality of life for older Californians and their families. The CSL allows individuals over the age of 55 to actively participate in the democratic process shaping policies that directly affect their lives."

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, which was made impossible in 2015 with plummeting funds.

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.

Voluntary contribution funds (VCFs). Since 1983, the CSL has been funded through voluntary contributions received with state income tax returns, appearing as the California Fund for Senior Citizens. State law allows taxpayers to contribute money to voluntary contribution funds (VCFs) by checking a box on their state income tax returns. With a few exceptions, VCFs remain on the tax form until they are repealed by a sunset date or fail to generate a minimum contribution amount. For most VCFs, the minimum contribution amount is \$250,000.

In 2013, the CSL did not meet the minimum contribution amount, and it fell off the tax check-off for the 2014 tax return. The CSL managed to maintain their funding status through VCF by establishing the new California Senior Legislature Fund through SB 997 (Morrell), Chapter 248, Statutes of 2014, and repealing the California Fund for Senior Citizens. However, in 2015, the new VCF revenue was only \$60,000, and the California Senior Legislature Fund was removed from the tax check-off list once again. The Legislature included a one-time \$500,000 General Fund appropriation in the Budget Act of 2016 to keep the CSL operative. CSL spent \$235,000 of this in the 2016-17 budget year, and the remaining \$265,000 was re-appropriated and carried into 2017-18. AB 519 (Levine), Chapter 443, Statutes of 2017, established the California Senior Citizen Advocacy Voluntary Contribution Fund. The bill also required the CSL to spend ten percent of the fund balance to market and promote the fund, and removed the inflation factor on the \$250,000 minimum contribution. CSL has estimated their expenditures for 2019-20 to be \$425,000. The voluntary contribution fund received \$91,625 in donations in 2018. The Budget Act of 2019-20 contains \$300,000 to support the CSL.

REGISTERED SUPPORT / OPPOSITION:

Support

California Senior Legislature – Sponsor
California State Retirees (CSR)
Professional Fiduciary Association of California
39 Individuals.

Opposition

None on file.

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