

2013-14 LEGISLATIVE SESSION

VOLUNTARY CONTRIBUTION FUND (INCOME TAX CHECKOFF) POLICY

April 1, 2013

Existing law allows taxpayers to contribute money to several voluntary contribution funds by checking a box on their state income tax returns. Checkoff amounts may be claimed as charitable contributions on taxpayers' tax returns during the subsequent year. The number of checkoffs on the tax form has grown in recent years to the point where the form is very close to exceeding its current two-page length. Going to a three-page form would be extremely costly for the state because of increased printing and processing costs. The Legislature first responded to the proliferation of checkoffs on the tax form by requiring checkoffs to have sunset dates and to meet minimum annual contribution amounts. More recently, this Committee adopted a policy requiring new checkoffs to wait in line to be added to the form until old checkoffs are removed once the Franchise Tax Board advises that the maximum number of checkoffs has been reached.

- All new checkoffs shall have sunset dates and be required to meet minimum contribution amounts. Checkoffs will be required to receive \$250,000 in their second year on the form (increased for inflation in subsequent years) in order to remain on the form.
- Existing checkoffs for which reauthorization is sought shall have sunset dates and be required to comply with an inflation-adjusted \$250,000 minimum contribution requirement.
- All proponents seeking authorization for a new or reauthorized checkoff shall provide information justifying their expectation that the checkoff will meet its contribution minimum.

VOLUNTARY CONTRIBUTION FUND (Continued)

- Existing checkoffs that have failed to meet their minimum level of contributions will not be extended.
- All new checkoffs will be subject to queuing rules intended to ensure that no new checkoff is added to the form until an existing checkoff is removed. When the proponents of a checkoff agree to accept queuing language, the checkoff will be allowed to appear on the form for two years before being subject to minimum contribution requirements. Any new checkoff whose proponents do not agree to queuing language shall be required to meet the minimum contribution requirement in its first year on the form.