

2015-16 LEGISLATIVE SESSION

VOLUNTARY CONTRIBUTION FUND (INCOME TAX CHECKOFF) POLICY

Existing law allows a taxpayer to contribute money to one or more voluntary contribution funds by checking a box on the state income tax return. The checkoff amount may be claimed as a charitable contribution on the taxpayer's tax return during the subsequent year. The number of checkoffs on the tax form has grown dramatically in recent years, straining existing system limitations. 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 or until space becomes available, whichever occurs first.

- All new checkoffs shall have sunset dates and be required to meet minimum contribution amounts. Checkoffs are be required to receive \$250,000 in their second year on the form (with an increase for inflation in subsequent years) in order to remain on the form.
- Existing checkoffs seeking reauthorization 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 minimum contribution requirement.
- Checkoffs that have failed to meet their minimum contribution requirement will not be extended or reauthorized.
- 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 or space becomes available. Any new checkoff whose proponents do not agree to queuing language shall be required to meet the minimum contribution requirement in the checkoff's first year on the form.