

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: April 10, 2014

TO: Honorable Members of the Rules, Elections and Intergovernmental Relations Committee

FROM: Gerry F. Miller *Mark F. Miller*
Chief Legislative Analyst Assignment No: 14-03-0176

SUBJECT: AB 2326 (Dickinson), Personal Income Tax Deductions: Pet Adoption Costs

CLA RECOMMENDATION: Adopt the attached Resolution to include in the City's 2013-14 State Legislative Program SUPPORT for AB 2326 (Dickinson), Personal Income Tax Deductions: Pet Adoption Costs.

SUMMARY

The attached Resolution states the following:

- The recent economic recession has contributed to an increase in relinquished animals to municipal shelters and private welfare organizations;
- The number of animals impounded at city shelters has led to overcrowded conditions which has led to an increase in animal euthanasias, especially in cats; and
- AB 2326 (Dickinson) has been introduced in the Assembly and would provide a tax deduction of up to \$100 for California residents who adopt a companion animal from a qualified shelter or rescue organization such as the Department of Animal Services' New Hope partners.

The Resolution recommends support to AB 2326 because it could be beneficial to the City by reducing shelter and euthanasia costs and may provide grants for the operation of the City's animal shelters.

BACKGROUND

On March 11, 2014, the Board of Animal Services Commissioners approved a Department of Animal Services staff report recommending support of AB 2326 (Dickinson) Personal Income Tax Deductions: Pet Adoption Costs. The bill was introduced on February 21, 2014 and includes the following provisions:

- Establishes a personal income tax deduction for costs incurred in the adoption of a pet from a qualified animal rescue organization;
- The deduction is not to exceed \$100 and will be available on or after January 1, 2015;
- Authorizes taxpayers to designate a portion of their tax return to be transferred to the Pet Adoption Cost Deduction Fund; and
- Amounts in the Pet Adoption Cost Deduction Fund (Fund) in excess of the Fund's administrative costs are to be made available for grants to eligible municipal shelters for the purpose of providing food and shelter to abandoned, homeless and impounded animals.

The Department of Animal Services advises that AB 2326 could be beneficial to the Department and the City in the following ways:

1. The bill could reduce shelter and euthanasia costs by incentivizing adoptions rather than the purchase of a pet;

2. The City will be eligible for State grants to provide food and shelter to abandoned and impounded animals up to \$22,500 a year; and
3. Adoptions from humane societies and rescue groups (including the City's New Hope partners) would also be eligible for the tax credit.

The bill's author states the following: each year local governments in California spend over \$250 million sheltering animals, and an estimated 800,000 animals are abandoned in the state leaving local governments responsible for their care.

The author also states that local animal shelters are being inundated with homeless pets, and a tax deduction will encourage individuals and families looking for a pet to visit their local shelter, saving pets from euthanasia and helping to relieve pressure on local shelters. The Sacramento Society for the Prevention of Cruelty to Animals reports that it has seen a 134% increase in strays at its shelter over the past 6 years.

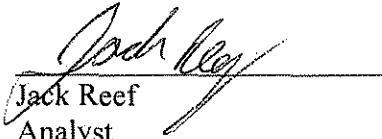
Department of Animal Services staff advises that they will develop methods to inform the public of the bill's provisions, including providing informational materials at City shelters.

AB 2326 is sponsored by the American Society for the Prevention of Cruelty to Animals (ASPCA).

BILL STATUS

AB 2326 (Dickinson)

02/21/14	Introduced. To print.
03/10/14	Referred to Com. On REV. & TAX.


Jack Reef
Analyst

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the recent economic recession has contributed to an increase of homeless animals being dropped off at municipal shelters and private rescue organizations in California; and

WHEREAS, approximately 800,000 animals are abandoned in the state leaving local governments responsible for their care; and

WHEREAS, every year, local governments in California spend over \$250 million sheltering animals; and

WHEREAS, the number of animals impounded at city shelters has led to overcrowded conditions which has led to an increase in animal euthanasias, especially in cats; and

WHEREAS, although the number of impounded animals has increased in recent years, pet adoptions have also been increasing; and

WHEREAS, to incentivize animal adoptions, AB 2326 (Dickinson) has been introduced in the Assembly and would provide a tax deduction of up to \$100 for California residents who adopt a companion animal from a qualified shelter or rescue organization; and

WHEREAS, the bill would also establish the Pet Adoption Deduction Fund, with funds to be provided from voluntary tax contributions for grants to eligible shelters to aid in the cost of providing food and shelter for homeless animals; and

WHEREAS, the City of Los Angeles should support this legislation because it can be beneficial to the City by reducing shelter and euthanasia costs and can provide grants for the operation of the City's animal shelters;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2013-2014 State Legislative Program SUPPORT for AB 2326 (Dickinson), Personal Income Tax Deductions: Pet Adoption Costs, which would provide a tax deduction of up to \$100 for California residents who adopt a companion animal from a qualified shelter or rescue organization.