

Date of Hearing: June 8, 2026

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION

Mike Gipson, Chair

SB 1073 (Smallwood-Cuevas) – As Amended May 28, 2026

Majority vote. Fiscal committee.

SENATE VOTE: 38-0

SUBJECT: Income taxes: voluntary contributions: Black Cultural District Voluntary Tax Contribution Fund

SUMMARY: Requires the Franchise Tax Board (FTB) to add the Black Cultural District Voluntary Tax Contribution Fund (Fund) as a voluntary contribution fund (VCF) on the personal income tax (PIT) return. Specifically, **this bill:**

- 1) Establishes the Fund in the State Treasury.
- 2) Provides that all moneys transferred to the Fund shall be continuously appropriated and allocated to the:
 - a) FTB and the State Controller for reimbursement of all administrative costs incurred; and,
 - b) Arts Council for allocation for the construction and maintenance of the Black Cultural District designated in south City of Los Angeles to support the following purposes:
 - i) Celebrate the diversity of California while unifying under an umbrella of shared values, and help to grow and sustain authentic grassroots arts and cultural opportunities;
 - ii) Increase the visibility of local artists and community participation in local arts and culture; and,
 - iii) Promote socioeconomic and ethnic diversity.
- 3) Requires the Arts Council to report on its internet website information provided by its grantee, if any, regarding the process for awarding money, the amount of money spent on administration, and an itemization of how program funds were awarded.
- 4) Provides that the VCF shall be operative for taxable years beginning on or after January 1, 2026, and before January 1, 2033.
- 5) Requires the Fund to meet a standard minimum contribution amount of \$250,000 to remain in effect.

EXISTING LAW:

- 1) Allows taxpayers to contribute to one or more of 18 VCFs on the 2025 PIT return. (Revenue and Taxation Code (R&TC) Section 18700 *et seq.*)
- 2) Requires each VCF to meet an annual minimum contribution amount to remain in effect, except for the California Firefighters' Memorial Voluntary Tax Contribution Fund, the California Peace Officer Memorial Foundation Voluntary Tax Contribution Fund, the California Senior Citizen Advocacy Voluntary Tax Contribution Fund, and the California Seniors Special Fund. (R&TC Sections 18801 *et seq.*, 18805 *et seq.*, 18730 *et seq.*, and 18771 *et seq.*)
- 3) Provides a specific sunset date for each VCF, except for the California Seniors Special Fund and the State Parks Protection Fund. (R&TC Sections 18771 *et seq.* and 18900.1 *et seq.*)
- 4) Requires the statutory provisions establishing a VCF to remain in effect only until January 1 of the seventh calendar year following the VCF's first appearance on the PIT return. (R&TC Section 18873.)

FISCAL EFFECT: The FTB estimates that this bill would reduce General Fund revenues by \$6,000 in both fiscal year (FY) 2027-28 and FY 2028-29.

COMMENTS:

- 1) The author has provided the following statement in support of this bill:

SB 1073 establishes the Black Cultural District Voluntary Contribution Fund, providing California taxpayers with a voluntary opportunity to invest directly in the preservation and long-term sustainability of the Historic South Los Angeles Black Cultural District.

Since this is one of the first Black Cultural Districts to be designated in California, it plays a vital role in safeguarding California's cultural heritage, supporting small businesses, and addressing the long-term impacts of displacement against the Black community. However, like many cultural districts, it faces chronic funding challenges that threaten its ability to thrive and remain accessible to the communities it serves.

SB 1073 offers a meaningful solution by allowing Californians to make voluntary contributions through their personal income tax returns, in partnership with the California Arts Council, to directly support the Black Cultural District. The bill does not raise taxes or impose new mandates. Instead, it empowers individuals who wish to support Black history and culture with a clear, voluntary way to do so.

By enabling public participation, SB 1073 helps ensure that the Historic South Los Angeles Black Cultural District can endure and be preserved for future generations.

- 2) This bill is supported by California Arts Advocates (CAA), which notes the following:

For generations, South LA has been a center of Black life, creativity, and leadership and has shaped nationally significant movements in music, arts, civil rights, and labor. South Los Angeles is home to multiple historic landmarks, including the Los Angeles Memorial Coliseum, home to the 1932 and 1984 Summer Olympic Games. South Los Angeles has also been a hub for various art movements and artists, including the Chicano art

movement and the Black arts movement, deeply rooted in activism and cultural identity. Despite the profound cultural and historical significance, the Historic South Los Angeles Black Cultural District lacks a stable and dedicated source of funding to support long-term preservation.

A targeted, voluntary funding solution is needed to ensure the Historic South Los Angeles Black Cultural District can thrive, remain community-centered, and fulfill the promise of the historic designation. AB 1073 ensures that Californians can voluntarily donate to support the Historic South Los Angeles Black Cultural District and affirms the importance of protecting living cultural heritage, supporting community-led development, and ensuring the Black cultural spaces are preserved, celebrated, and sustained for future generations.

Cultural districts are crucial catalysts for both economic vitality and community enrichment. They are designed to boost local pride, reinforce neighborhood identity, and foster greater social cohesion. The CAA is a strong supporter of the Cultural District Program, which was created by AB 189 (2015-16), and measures like SB 1073 that promote the long-term, sustainable development of these districts statewide. We see SB 1073 as a potential model for other districts and, critically, we also advocate for sustained state funding for the entire cultural district program.

3) Committee Staff Comments:

- a) *So many causes, so little space:* There are countless worthy causes that would benefit from the inclusion of a VCF on the state's income tax returns. At the same time, space on the returns is limited. Thus, it could be argued that the current system for adding VCFs to the form is subjective and essentially rewards organizations and causes that can convince the Legislature to include their fund on the form.
- b) *What would this bill do?* For taxable years beginning on or after January 1, 2026, and before January 1, 2033, this bill would require the addition of the Fund as a VCF on the PIT return. After reimbursement of the FTB and State Controller for their administrative costs, all moneys in the Fund would be continuously appropriated to the Arts Council for allocation for the construction and maintenance of the Black Cultural District designated in south City of Los Angeles. Specifically, the money would be allocated to:
 - i) Celebrate the diversity of California while unifying under an umbrella of shared values, and help to grow and sustain authentic grassroots arts and cultural opportunities;
 - ii) Increase the visibility of local artists and community participation in local arts and culture; and,
 - iii) Promote socioeconomic and ethnic diversity.

Given the wide-ranging purposes articulated above, it appears the Arts Council would be granted broad authority to allocate Fund moneys as it sees fit to support the creation, construction, and ongoing activities of the Black Cultural District. The Committee may wish to consider whether it would be appropriate to provide additional guidance for the awarding of Arts Council grants, or whether it is preferable to retain the existing

language to provide maximum flexibility. Given the relatively modest support received by most VCFs, however, it is not clear to Committee staff how Fund proceeds could be sufficient to support actual construction projects, unless combined with funding from other sources.

- c) *Leveling the field*: In an effort to promote a fair playing field, the Legislature enacted a series of requirements for new and extended VCFs. Specifically, R&TC Section 18873 was added by SB 1476 (Committee on Governance and Finance), Chapter 597, Statutes of 2016, to bring a degree of uniformity and improvement to the disparate VCF statutes. Among other things, Section 18873 provides the following parameters:
- i) The words "voluntary tax contribution" shall be included as part of the name of the fund;
 - ii) The website of the fund's administering agency shall report the process for awarding money, the amount of money spent on administration, and an itemization of how program funds were awarded, as specified;
 - iii) The minimum contribution amount that must be received for the fund to continue appearing on the tax return is \$250,000, without subsequent inflation adjustments; and,
 - iv) The statutory provisions establishing a VCF shall remain in effect only until January 1 of the seventh calendar year following the VCF's first appearance on the return.

While this bill generally complies with the requirements set forth above, this bill specifies that the Arts Council shall report on its website "information provided by its grantee, if any, regarding the process for awarding money, the amount of money spent on administration, and an itemization of how program funds were awarded." Given that all of this information would ostensibly be available to the Arts Council as the awarding entity, it is not clear to Committee staff why information "if any" must first be reported by individual grantees to trigger the reporting requirement. The Committee may wish to consider simply specifying that the Arts Council provide the information required.

- d) *A note on administrative costs*: VCFs often limit the amount of fund moneys the administering agency may use for its administrative costs to ensure that the bulk of fund proceeds go to their intended use. For example, the statutory provisions authorizing the Prevention of Animal Homelessness and Cruelty Voluntary Tax Contribution Fund specify that the Department of Food and Agriculture may only use up to 5% of the funds allocated to the department for administering its grant program. As such, the Committee may wish to consider a similar cap on the Art Council's use of Fund proceeds for administrative purposes.
- e) *Proposed amendments*: To bring the Arts Council's website reporting requirements into alignment with best practices and to limit the Art Council's use of Fund proceeds for administrative purposes, the author has agreed to accept the following amendments in Committee:
- i) Include language providing that "the Arts Council shall not use more than 5 percent of the moneys received pursuant to this article for administrative purposes."; and,

ii) On page 4, in line 8, strike "provided by its grantee, if any,".

f) *Related legislation:*

- i) SB 575 (Laird) would authorize the addition of the California Sea Otter Voluntary Tax Contribution Fund as a VCF on the PIT return. SB 575 (Laird) is set to be heard by this Committee along with this bill.
- ii) SB 881 (McNerney) would, among other things, extend the statutory provisions authorizing the Emergency Food for Families Voluntary Tax Contribution Fund until January 1, 2037, as provided. SB 881 (McNerney) is pending hearing by this Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Arts Advocates
City of Los Angeles Councilmember Curren D. Price, Jr.
Greater Los Angeles African American Chamber of Commerce
LA Commons
Partnership for Growth LA
Rising Communities
Underground Scholars Initiative at UC Berkeley

Opposition

None on file

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