

SENATE THIRD READING
SB 1073 (Smallwood-Cuevas)
As Amended June 11, 2026
Majority vote

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.

Major Provisions

- 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 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.

COMMENTS

- 1) *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.
- 2) *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.

According to the Author

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.

Arguments in Support

Supporters of this bill note the following:

SB 1073 builds on the state's designation of Historic South LA and earlier investments by establishing a long-term, voluntary funding source for preservation, cultural programming, and other community-serving activities. Sustained support is especially important where historic and cultural resources face ongoing pressures from disinvestment, displacement, and redevelopment, and where preservation can reinforce neighborhood identity, strengthen local economies, and help communities retain the places that define their history and character.

Arguments in Opposition

None on file

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

- 1) Beginning fiscal year 2027-28, annual General Fund (GF) revenue loss of approximately \$6,000. FTB generally assumes \$6,000 in GF revenue loss for every \$250,000 in Fund contributions.
- 2) Minor and absorbable costs to the FTB and the State Controller to administer another VCF program, likely offset by Fund contributions.
- 3) Costs of approximately \$189,000 ongoing to the Arts Council for one staff position to provide oversight of Fund money allocated for specified purposes and report related data on the Arts Council's website (GF). The Arts Council notes it cannot absorb the workload necessary to implement this bill with existing staff, even though the Arts Council may use up to 5% of Fund contributions received for administrative purposes.

VOTES

SENATE FLOOR: 38-0-2

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Menjivar, Seyarto

ASM REVENUE AND TAXATION: 7-0-0

YES: Gipson, Sanchez, Carrillo, DeMaio, McKinnor, Quirk-Silva, Michelle Rodriguez

ASM ARTS, ENTERTAINMENT, SPORTS, AND TOURISM: 9-0-0

YES: Ward, Lackey, Elhawary, Jeff Gonzalez, McKinnor, Ortega, Quirk-Silva, Valencia, Zbur

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Hoover, Arambula, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

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