

AMENDED IN ASSEMBLY APRIL 21, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 132

Introduced by Assembly Member Chavez

January 16, 2003

An act to amend Section ~~18724~~ 18871 of the Revenue and Taxation Code, relating to designated taxpayer contributions.

LEGISLATIVE COUNSEL'S DIGEST

AB 132, as amended, Chavez. Income taxes: designated contributions: ~~senior citizens~~.

The Personal Income Tax Law authorizes taxpayers to contribute amounts in excess of their tax liability to be deposited into specified funds for the support of various charitable organizations. These contribution designations appear as a line item on the personal income tax form. Existing law authorizes new charitable designations to be placed on the personal income tax form, but only after an existing designation has expired or is removed from the personal income tax form.

This bill would prioritize the addition of authorized charitable designations to the tax form on the basis of the order of chaptering, starting with the earliest chaptered enactment. This bill would also authorize the Franchise Tax Board to add one or more voluntary contribution designations to the tax form, if the board determines that space is available on the tax return to accommodate the additional voluntary contribution designation.

~~Under the Personal Income Tax Law, taxpayers are allowed until January 1, 2005, to contribute amounts in excess of their tax liability for~~

~~the support of the California Fund for Senior Citizens. Existing law provides for the repeal of the contribution provisions for these funds on either the January 1 following the calendar year that the Franchise Tax Board estimates the minimum contribution amount will be less than a prescribed amount, or on January 1, 2005, whichever occurs first.~~

~~This bill would, under this latter limit, extend the operation of those contribution provisions until January 1, 2010.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1.—Section 18724 of the Revenue and Taxation~~

2 *SECTION 1. Section 18871 of the Revenue and Taxation Code*
3 *is amended to read:*

4 18871. In implementing this chapter, all of the following
5 requirements shall apply:

6 (a) Unless otherwise specifically required by law, each
7 voluntary contribution fund or account established by this chapter
8 shall be included on the forms of the return through the taxable
9 year immediately preceding the year of repeal of the article
10 establishing that voluntary contribution fund or account.

11 (b) Notwithstanding the repeal of any article of this chapter, the
12 voluntary contribution fund or account specified in that article
13 shall continue in effect until December 31 of the year of the repeal
14 of that article, and any contribution designated pursuant to that
15 article on a timely filed initial return for the taxable year
16 immediately preceding the date of repeal shall be transferred and
17 disbursed, and all costs incurred by the Franchise Tax Board and
18 Controller in connection with the transfer and disbursement of
19 these contribution amounts shall continue to be paid, in
20 accordance with that article as it read immediately prior to its
21 repeal.

22 (c) Unless otherwise specifically required by law, a
23 contribution made to any voluntary contribution fund or account
24 established by this chapter shall be subject to the following
25 provisions:

26 (1) In the event that no designee is specified, the contribution
27 shall, after reimbursement of the direct actual costs of the
28 Franchise Tax Board for the collection and administration of

contributions made under this article, be transferred to the General Fund.

(2) In the event an individual designates a contribution to more than one account or fund listed on the tax return, and the amount available is insufficient to satisfy the total amount designated, the contribution shall be allocated among the designees on a pro rata basis.

(d) (1) If the number of contingent voluntary contribution designations that are eligible to be added to the tax return for a taxable year is greater than the number of voluntary contribution designations removed, those contingent voluntary contribution designations that are eligible to be added to the tax return shall be added to the tax return in the order of the date of enactment, with the voluntary contribution designation with the earliest date of enactment to be added first.

(2) For purposes of this subdivision:

(A) A contingent voluntary contribution designation means a voluntary contribution designation authorized under this chapter that may not be added to the tax return until another voluntary contribution designation is removed from the tax form.

(B) The date of enactment of a contingent voluntary contribution designation authorized under this chapter shall be the date the act authorizing the contingent voluntary contribution designation was filed with the Secretary of State. In the event that more than one act authorizing a contingent voluntary contribution designation is filed with the Secretary of State on the same date, the act with the lowest chapter number will be conclusively presumed to have been filed with the Secretary of State before any other act authorizing a contingent voluntary contribution designation with a higher number.

(e) Notwithstanding subdivision (d), or the contingency language of an act prohibiting the addition of a contingent voluntary contribution designation until another voluntary contribution designation is removed, the Franchise Tax Board may add one or more voluntary contribution designations if the board determines that space is available on the tax return to accommodate the additional voluntary contribution designation.

~~Code is amended to read:~~

~~18724. (a) This article shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later~~

1 ~~enacted statute, which is enacted before January 1, 2010, deletes~~
2 ~~that date.~~

3 ~~(b) If the Franchise Tax Board estimates by September 1 that~~
4 ~~contributions described in this article made on returns filed in that~~
5 ~~calendar year will be less than two hundred fifty thousand dollars~~
6 ~~(\$250,000) for taxable years beginning in 2001, or the adjusted~~
7 ~~amount specified in subdivision (c) for any subsequent taxable~~
8 ~~year, as may be applicable, then this article is repealed with respect~~
9 ~~to taxable years beginning on or after January 1 of that calendar~~
10 ~~year. The Franchise Tax Board shall estimate the annual~~
11 ~~contribution amount by September 1 of each year using the actual~~
12 ~~amounts known to be contributed and an estimate of the remaining~~
13 ~~year's contributions.~~

14 ~~(c) For each calendar year, beginning with calendar year 2002,~~
15 ~~the Franchise Tax Board shall adjust, on or before September 1 of~~
16 ~~that calendar year, the minimum estimated contribution amount~~
17 ~~specified in subdivision (b) as follows:~~

18 ~~(1) The minimum estimated contribution amount for the~~
19 ~~calendar year shall be an amount equal to the product of the~~
20 ~~minimum estimated contribution amount for the prior September~~
21 ~~1 multiplied by the inflation factor adjustment as specified in~~
22 ~~paragraph (2) of subdivision (h) of Section 17041, rounded off to~~
23 ~~the nearest dollar.~~

24 ~~(2) The inflation factor adjustment used for the calendar year~~
25 ~~shall be based on the figures for the percentage change in the~~
26 ~~California Consumer Price Index received on or before August 1~~
27 ~~of the calendar year pursuant to paragraph (1) of subdivision (h)~~
28 ~~of Section 17041.~~

29 ~~(d) Notwithstanding the repeal of this article, any contribution~~
30 ~~amounts designated pursuant to this article prior to its repeal shall~~
31 ~~continue to be transferred and disbursed in accordance with this~~
32 ~~article as in effect immediately prior to that repeal.~~