

Assembly Bill No. 132

CHAPTER 170

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

[Approved by Governor August 3, 2003. Filed with
Secretary of State August 4, 2003.]

LEGISLATIVE COUNSEL'S DIGEST

AB 132, Chavez. Income taxes: designated contributions.

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.

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

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

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

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

(b) Notwithstanding the repeal of any article of this chapter, the voluntary contribution fund or account specified in that article shall continue in effect until December 31 of the year of the repeal of that article, and any contribution designated pursuant to that article on a

timely filed initial return for the taxable year immediately preceding the date of repeal shall be transferred and disbursed, and all costs incurred by the Franchise Tax Board and Controller in connection with the transfer and disbursement of these contribution amounts shall continue to be paid, in accordance with that article as it read immediately prior to its repeal.

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

(1) In the event that no designee is specified, the contribution shall, after reimbursement of the direct actual costs of the 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.

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