

ASSEMBLY BILL

No. 3016

**Introduced by Assembly Member Cook
(Principal coauthor: Assembly Member Lieu)**

February 22, 2008

An act to amend Sections 18705, 18707, 18708, and 18709 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 3016, as introduced, Cook. Personal income taxes: contributions: California Military Family Relief Fund.

The Personal Income Tax Law allows taxpayers, until January 1, 2010, to designate on their tax returns that a specified amount in excess of their tax liability be contributed to the California Military Family Relief Fund to provide financial aid grants to members of the California National Guard who are California residents.

This bill would revise these provisions to specify that the contributions to the California Military Family Relief Fund be used to provide financial aid grants to eligible reserve members of the United States who are California residents.

This bill also would require members to meet certain criteria, as specified, in addition to those criteria already required by these provisions.

This bill would extend the operation of these provisions until January 1, 2014.

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 18705 of the Revenue and Taxation Code
 2 is amended to read:
 3 18705. (a) Any taxpayer may designate on the tax return that
 4 a contribution in excess of the tax liability, if any, be made to the
 5 California Military Family Relief Fund, established by Section
 6 18706. That designation is to be used as a voluntary checkoff on
 7 the tax return.
 8 (b) The contributions shall be in full dollar amounts and may
 9 be made individually by each signatory on the joint return.
 10 (c) A designation shall be made for any taxable year on the
 11 initial return for that taxable year, and once made shall be
 12 irrevocable. In the event that payments and credits reported on the
 13 return, together with any other credits associated with the
 14 taxpayer’s account, do not exceed the taxpayer’s liability, the return
 15 shall be treated as though no designation has been made. In the
 16 event that no designee is specified, the contribution shall be
 17 transferred to the General Fund, after reimbursement of the direct
 18 actual costs of the Franchise Tax Board for the collection and
 19 administration of funds under this article.
 20 (d) In the event a taxpayer designates a contribution to more
 21 than one account or fund listed on the tax return, and the amount
 22 available for designation is insufficient to satisfy the total amount
 23 designated, the contribution shall be allocated among the designees
 24 on a pro rata basis.
 25 (e) The Franchise Tax Board shall revise the forms of the return
 26 to include a space labeled the “California Military Family Relief
 27 Fund” to allow for the designation permitted.
 28 (1) The forms shall include in the instructions information that
 29 the contribution may be in the amount of one dollar (\$1) or more
 30 and that the contribution shall be used to provide financial aid
 31 grants to *reserve* members of the ~~California National Guard~~ *Armed*
 32 *Forces of the United States* who are California residents, who have
 33 been called to active duty.
 34 (2) The forms shall also include in the instructions information
 35 that additional contributions may be made at any time to the
 36 California Military Family Relief Fund, from sources other than
 37 the tax form.

1 (f) Notwithstanding any other provision of law, a voluntary
2 contribution designation for the California Military Family Relief
3 Fund may not be added to the tax return until another voluntary
4 contribution designation is removed.

5 (g) A deduction shall be allowed under Article 6 (commencing
6 with Section 17201) of Chapter 3 for any contribution made
7 pursuant to subdivision (a).

8 SEC. 2. Section 18707 of the Revenue and Taxation Code is
9 amended to read:

10 18707. All money transferred to the California Military Family
11 Relief Fund, upon appropriation by the Legislature, shall be
12 allocated as follows:

13 (a) To the Franchise Tax Board and the Controller for
14 reimbursement of all costs incurred by the Franchise Tax Board
15 and the Controller in connection with their duties under this article.

16 (b) (1) To the Military Department for the establishment of
17 financial aid grants to *reserve* members of the ~~California National~~
18 ~~Guard~~ *Armed Forces of the United States* who are California
19 residents, who have been called to active duty. The Military
20 Department shall establish eligibility criteria for the grants.

21 (2) In addition to criteria established by the Military Department
22 pursuant to paragraph (1), *reserve* members of the ~~California~~
23 ~~National Guard~~ *Armed Forces of the United States* who are
24 California residents shall show proof of all of the following to be
25 eligible to receive a grant:

26 (A) Membership in the ~~California National Guard~~ *Armed Forces*
27 *of the United States*.

28 (B) Residency in California.

29 (C) Deployment to active duty for at least 60 consecutive days.

30 (D) The military salary of the member, combined with any
31 ongoing partial receipt of civilian salary, has decreased by 10
32 percent or more from the member's civilian salary, or the
33 household income of the member's family has decreased by 10
34 percent or more from the member's household income prior to
35 deployment.

36 (E) *Written verification of at least two hours of family financial*
37 *counseling from a list of approved providers developed by the*
38 *Military Department.*

1 (F) *Written approval of the commanding officer of the unit and*
 2 *the next higher commander in the chain, identifying and*
 3 *recommending a financial need for a grant.*

4 (3) Grants awarded pursuant to this article may only be used
 5 for any of the following: food, housing, child care, utilities, medical
 6 services, medical prescriptions, insurance, and vehicle related
 7 payments.

8 (4) ~~Members of the California National Guard~~ *Reserve members*
 9 *of the Armed Forces of the United States* who are California
 10 residents may not be eligible to receive a grant if the member
 11 receives a punitive discharge or an administrative discharge with
 12 service characterized as under other than honorable conditions.

13 (5) *Reserve members of the Armed Forces of the United States*
 14 *who are California residents may not be eligible to receive a grant*
 15 *if the member received funds from any of the following:*

- 16 (A) *Air Force Aid Society.*
- 17 (B) *Army Emergency Relief.*
- 18 (C) *Armed Forces Relief Trust.*
- 19 (D) *Coast Guard Mutual Assistance.*
- 20 (E) *Navy Emergency Relief.*
- 21 (F) *Navy-Marine Corps Relief Society.*

22 SEC. 3. Section 18708 of the Revenue and Taxation Code is
 23 amended to read:

24 18708. The Legislature finds and declares all of the following:

25 (a) Due to the extended war in Iraq, deployment of ~~California's~~
 26 ~~National Guard averages~~ *reserve members of the Armed Forces*
 27 *of the United States can average* a year or more.

28 (b) Private companies do not generally offset the difference in
 29 their employees' reduced salaries while serving overseas. Military
 30 families are losing as much as 70 percent of their household income
 31 when a primary income producer serves on active duty.

32 (c) It is the intent of the Legislature, in enacting this article, to
 33 establish a fund for the granting of relief aid to persons who are
 34 ~~reserve members of the California National Guard~~ *Armed Forces*
 35 *of the United States* who are California residents, who have been
 36 called to active duty.

37 SEC. 4. Section 18709 of the Revenue and Taxation Code is
 38 amended to read:

39 18709. (a) This article shall, subject to subdivision (b), remain
 40 in effect only until January 1, ~~2010~~ 2014, and as of that date is

1 repealed, unless a later enacted statute, that is enacted before
2 January 1, ~~2010~~ 2014, deletes or extends that date.

3 (b) (1) By September 1, 2006, and by September 1 of each
4 subsequent calendar year that the California Military Family Relief
5 Fund appears on a tax return, the Franchise Tax Board shall do all
6 of the following:

7 (A) Determine the minimum contribution amount required to
8 be received during the next calendar year for the fund to appear
9 on the tax return for the taxable year that includes that next calendar
10 year.

11 (B) Provide written notification to the Adjutant General of the
12 amount determined in subparagraph (A).

13 (C) Determine whether the amount of contributions estimated
14 to be received during the calendar year will equal or exceed the
15 minimum contribution amount determined by the Franchise Tax
16 Board for the calendar year pursuant to subparagraph (A). The
17 Franchise Tax Board shall estimate the amount of contributions
18 to be received by using the actual amounts received and an estimate
19 of the contributions that will be received by the end of that calendar
20 year.

21 (2) If the Franchise Tax Board determines that the amount of
22 contributions estimated to be received during a calendar year will
23 not at least equal the minimum contribution amount for the calendar
24 year, this article is repealed with respect to taxable years beginning
25 on or after January 1 of that calendar year.

26 (3) For purposes of this section, the minimum contribution
27 amount for a calendar year means two hundred fifty thousand
28 dollars (\$250,000) for the 2006 calendar year or the minimum
29 contribution amount adjusted pursuant to subdivision (c).

30 (c) For each calendar year, beginning with calendar year 2007,
31 the Franchise Tax Board shall adjust, on or before September 1 of
32 that calendar year, the minimum contribution amount specified in
33 subdivision (b) as follows:

34 (1) The minimum contribution amount for the calendar year
35 shall be an amount equal to the product of the minimum
36 contribution amount for the prior calendar year multiplied by the
37 inflation factor adjustment as specified in paragraph (2) of
38 subdivision (h) of Section 17041, rounded off to the nearest dollar.

39 (2) The inflation factor adjustment used for the calendar year
40 shall be based on the figures for the percentage change in the

1 California Consumer Price Index received on or before August 1
2 of the calendar year pursuant to paragraph (1) of subdivision (h)
3 of Section 17041.

4 (d) Notwithstanding the repeal of this article, any contribution
5 amounts designated pursuant to this article prior to its repeal shall
6 continue to be transferred and disbursed in accordance with this
7 article as in effect immediately prior to that repeal.

8 (e) Notwithstanding the amendments made to this section by
9 the act adding this subdivision, if, by September 1, 2006, the
10 Franchise Tax Board determines that the amount of contributions
11 estimated to be received during the 2006 calendar year will not be
12 at least two hundred fifty thousand dollars (\$250,000), this article
13 is repealed with respect to returns filed for taxable years beginning
14 on or after January 1, 2006.