

AMENDED IN ASSEMBLY APRIL 23, 2008

AMENDED IN ASSEMBLY APRIL 8, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 3016

Introduced by Assembly Member Cook

(Principal coauthor: Assembly Member Lieu)

(Coauthors: Assembly Members Anderson, Beall, Charles Calderon, Coto, DeVore, Evans, Feuer, Garcia, Garrick, Hayashi, Hernandez, Parra, Price, Solorio, and Strickland)

(Coauthors: Senators Battin, Cedillo, Denham, Dutton, Florez, Padilla, Runner, Simitian, and Wyland)

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 amended, 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, and that the awarding of grants be governed by a Memorandum of Agreement.

This bill would specify that money transferred to the California Military Family Relief Fund before January 1, 2009, be reserved for the California National Guard. This bill would allow the California National Guard to make moneys transferred to the California Military Family Relief Fund before January 1, 2009, available for distribution to qualified members of the reserve component until adequate moneys are available to ensure that all approved grants are funded.

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 ~~delete the repeal date of these provisions~~ *extend the operation of these provisions until January 1, 2015.*

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

1 designated, the contribution shall be allocated among the designees
2 on a pro rata basis.

3 (e) The Franchise Tax Board shall revise the forms of the return
4 to include a space labeled the “California Military Family Relief
5 Fund” to allow for the designation permitted.

6 (1) The forms shall include in the instructions information that
7 the contribution may be in the amount of one dollar (\$1) or more
8 and that the contribution shall be used to provide financial aid
9 grants to reserve members of the Armed Forces of the United States
10 who are California residents, who have been called to active duty.

11 (2) The forms shall also include in the instructions information
12 that additional contributions may be made at any time to the
13 California Military Family Relief Fund, from sources other than
14 the tax form.

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

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

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

24 18707. All money transferred to the California Military Family
25 Relief Fund, upon appropriation by the Legislature, shall be
26 allocated as follows:

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

30 (b) (1) (A) To the Military Department for the establishment
31 of financial aid grants to reserve members of the Armed Forces of
32 the United States who are California residents, who have been
33 called to active duty. Money transferred to the California Military
34 Family Relief Fund before January 1, 2009, shall be reserved for
35 the California National Guard. Grants to the members of the
36 California National Guard shall first be distributed from moneys
37 transferred to the California Military Family Relief Fund before
38 January 1, 2009, and only after these moneys are exhausted shall
39 these grants be awarded from moneys transferred to the California

1 Military Family Relief Fund on and after January 1, 2009. The
2 Military Department shall establish eligibility criteria for the grants.

3 (B) On or after January 1, 2009, the California National Guard
4 may make moneys transferred to the California Military Family
5 Relief Fund before January 1, 2009, up to one hundred thousand
6 dollars (\$100,000), available for distribution to qualified members
7 of the reserve ~~component~~ *component, excluding members of the*
8 *California National Guard*, until adequate moneys are available
9 to ensure that all approved grants are funded. These distributed
10 moneys shall be repaid to the California National Guard with
11 money transferred to the California Military Family Relief Fund
12 on and after January 1, 2009.

13 (2) It is the intent of the Legislature that every qualified reserve
14 member, regardless of branch, in need of emergency assistance,
15 be able to receive a grant. In order to ensure that the grants awarded
16 pursuant to this article are administered objectively, the awarding
17 of grants from the California Military Family Relief Fund shall be
18 governed by a Memorandum of Agreement, developed by a
19 working group comprised of representatives from at least three
20 reserve components that describe the procedures and requirements
21 for participation in the grant program. All organizations
22 participating in the grant program must be signatories of the
23 Memorandum of Agreement.

24 (3) In addition to criteria established by the Military Department
25 pursuant to paragraph (1), reserve members of the Armed Forces
26 of the United States who are California residents shall show proof
27 of all of the following to be eligible to receive a grant:

28 (A) Membership in the Armed Forces of the United States.

29 (B) Residency in California.

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

31 (D) One of the following:

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

38 ~~(ii) For reserve members who have returned from active duty,~~
39 ~~a 10 percent loss, or greater, of predeployment income within the~~

1 ~~proceeding six months of returning from active duty and that the~~
2 ~~loss of income occurred as a direct result of deployment.~~

3 *(ii) The member, within six months of returning from active*
4 *duty, has experienced a 10-percent loss, or greater, in income,*
5 *compared to predeployment income, as a direct result of*
6 *deployment.*

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

11 (5) Reserve members of the Armed Forces of the United States
12 who are California residents may not be eligible to receive a grant
13 if the member receives a punitive discharge or an administrative
14 discharge with service characterized as under other than honorable
15 conditions.

16 (6) Reserve members of the Armed Forces of the United States
17 who are awarded grants pursuant to this article may be required
18 to ~~seek~~ *receive* counseling, within a specified time period, as a
19 condition of the grants.

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

22 18708. The Legislature finds and declares all of the following:

23 (a) Due to the extended wars and conflicts around the globe,
24 deployment of reserve members of the Armed Forces of the United
25 States can average a year or more.

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

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

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

36 ~~18709. (a)~~

37 *18709. (a) This article shall, subject to subdivision (b), remain*
38 *in effect only until January 1, 2015, and as of that date is repealed,*
39 *unless a later enacted statute, that is enacted before January 1,*
40 *2015, deletes or extends that date.*

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

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

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

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

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

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

28 ~~(b)~~

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

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

38 (2) The inflation factor adjustment used for the calendar year
39 shall be based on the figures for the percentage change in the
40 California Consumer Price Index received on or before August 1

1 of the calendar year pursuant to paragraph (1) of subdivision (h)
2 of Section 17041.

3 ~~(e)~~

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 ~~(d)~~

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