

Senate Bill No. 1502

CHAPTER 354

An act to add and repeal Article 17 (commencing with Section 18881) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to amyotrophic lateral sclerosis (ALS).

[Approved by Governor September 26, 2008. Filed with
Secretary of State September 26, 2008.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1502, Steinberg. Amyotrophic lateral sclerosis (ALS).

Existing law contains various provisions relating to the administration of personal income taxes allowing individual taxpayers to contribute amounts in excess of their tax liability for the support of specified funds.

This bill would allow taxpayers to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the ALS/Lou Gehrig's Disease Research Fund, which would be created by this bill.

This bill would provide that all money contributed to the fund pursuant to these provisions would be subject to appropriation by the Legislature, as specified.

This bill would provide that these voluntary contribution provisions are repealed on January 1, 2013, or for the taxable year beginning on or after January 1 of the calendar year in which the Franchise Tax Board estimates, by September 1, that the contributions made on returns filed in that calendar year will be less than a minimum contribution amount, whichever occurs first.

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

SECTION 1. Article 17 (commencing with Section 18881) is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

Article 17. ALS/Lou Gehrig's Disease Research Fund

18881. The Legislature finds and declares all of the following:

(a) Amyotrophic lateral sclerosis (ALS), more commonly known as Lou Gehrig's disease, is a degenerative disease of the motor nerves that causes progressive weakness of all voluntary muscles. People with ALS become unable to move, swallow, speak, and breathe without assistance, usually remaining fully aware of what is happening to them and their families.

(b) ALS is a fatal disease. There is no cure and only one drug therapy, which allows the patient a month or two more of life. Most ALS patients die within two to five years of symptom onset. Every 90 minutes someone is diagnosed with ALS and every 90 minutes someone dies of the disease. ALS knows no racial, ethnic, or socioeconomic boundaries, often striking people at midlife and at the height of family and financial responsibilities.

(c) The devastating physical, emotional, and financial effects caused by the progression of ALS and the 24-hour, seven-day-a-week caregiving required impact not only the patient, but the entire family. ALS is a family disease and the need for research is dire.

(d) It is the intent of the Legislature, in enacting this article, to establish a systematic program to conduct research regarding the cause, cure, and prevention of ALS. The outcome of this research may have direct effects and consequences on the development of a comprehensive system that may identify the cause, cure, and prevention of ALS, as well as improving the screening, diagnosis, and treatment of victims of ALS. This program shall award grants to eligible physicians, hospitals, laboratories, educational institutions, and other organizations and persons for the purpose of enabling organizations and persons to conduct research.

18882. (a) Any individual may designate on the tax return that a contribution in excess of the tax liability, if any, be made to the ALS/Lou Gehrig's Disease Research Fund, which is established by Section 18883.

(b) The contributions shall be in full dollar amounts and may be made individually by each signatory on a joint return.

(c) A designation under subdivision (a) shall be made for any taxable year on the initial return for that taxable year, and once made shall be irrevocable. In the event that payment and credits reported on the return, together with any other credits associated with the individual's account, do not exceed the individual's liability, the return shall be treated as though no designation has been made.

(d) When another voluntary contribution designation is removed from the tax return, the Franchise Tax Board shall revise the forms of the return to include a space labeled the "ALS/Lou Gehrig's Disease Research Fund" to allow for the designation permitted under subdivision (a). The forms shall also include in the instructions, information that the contribution may be in the amount of one dollar (\$1) or more and that the contribution shall be used to conduct research relating to the cure, screening, and treatment of ALS.

(e) It is the intent of the Legislature that the ALS/Lou Gehrig's Disease Research Fund be placed on the tax return as soon as space is available.

(f) A deduction shall be allowed under Article 6 (commencing with Section 17201) of Chapter 3 of Part 10 for any contribution made pursuant to subdivision (a).

18883. There is hereby established in the State Treasury the ALS/Lou Gehrig's Disease Research Fund to receive contributions made pursuant to Section 18882. The Franchise Tax Board shall notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money that taxpayers have designated pursuant to

Section 18882 to be transferred to the ALS/Lou Gehrig's Disease Research Fund. The Controller shall transfer from the Personal Income Tax Fund to the ALS/Lou Gehrig's Disease Research Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18882 for payment into that fund.

18884. All money transferred to the ALS/Lou Gehrig's Disease Research Fund, upon appropriation by the Legislature, shall be allocated as follows:

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

(b) (1) To the State Department of Public Health, for allocation to The Amyotrophic Lateral Sclerosis Association, an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, to provide research grants to develop and advance the understanding, techniques, and modalities effective in the prevention, treatment, and cure of ALS.

(2) Funds made available pursuant to this article shall not be used for any other purpose than to provide grants as prescribed by this subdivision. Funds made available pursuant to this subdivision shall not be used by The Amyotrophic Lateral Sclerosis Association for administrative purposes, to reimburse their costs associated with administering grants, to further their programs, or for any purpose relating to their own operations.

18885. For the purpose of this article, "research" shall include, but not be limited to, clinical trials, as well as expenditures to develop and advance the understanding, techniques, and modalities effective in the prevention, cure, screening, and treatment of ALS.

18886. (a) Unless repealed earlier pursuant to subdivision (b), this article shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2013, deletes or extends that date.

(b) (1) By September 1 of the first calendar year that the ALS/Lou Gehrig's Disease Research Fund appears on the tax return, and by September 1 of each subsequent calendar year, the Franchise Tax Board shall do all of the following:

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

(B) Provide written notification to the State Department of Public Health of the amount determined in subparagraph (A).

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

(2) If the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not at least equal the

minimum contribution amount for the calendar year, this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, “minimum contribution amount” for a calendar year means two hundred fifty thousand dollars (\$250,000) for the second calendar year that the ALS/Lou Gehrig’s Disease Research Fund appears on the tax return, or the minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year beginning with the third calendar year that the ALS/Lou Gehrig’s Disease Research Fund appears on the tax return, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

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

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

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