

Assembly Bill No. 658

CHAPTER 346

An act to add and repeal Article 14.5 (commencing with Section 18856) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 25, 2010. Filed with
Secretary of State September 27, 2010.]

LEGISLATIVE COUNSEL'S DIGEST

AB 658, Hayashi. Taxpayer contributions: California Police Activities League (CALPAL) Fund.

Provisions relating to the administration of personal income taxes allow 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 California Police Activities League (CALPAL) Fund, which would be created by this bill. However, the bill would provide that a voluntary contribution designation for this fund may not be added on the tax return until another voluntary contribution designation is removed from that return.

This bill would require that all moneys contributed to the fund pursuant to these provisions, upon appropriation by the Legislature, be allocated to the Franchise Tax Board and to the Controller for allocation to the CALPAL, as provided.

This bill would provide that these voluntary contribution provisions are repealed on January 1 of the 5th taxable year following the taxable year the fund first appears on the tax return. The bill would further provide that these provisions are repealed for taxable years beginning on or after January 1 of the calendar year in which the Franchise Tax Board estimates by September 1 that the contributions made on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 \$250,000, or an adjusted amount for subsequent taxable years.

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

SECTION 1. Article 14.5 (commencing with Section 18856) is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

Article 14.5. California Police Activities League (CALPAL) Fund

18856. (a) An individual may designate on the tax return that a contribution in excess of the tax liability, if any, be made to the California Police Activities League (CALPAL) Fund established by Section 18856.1. That designation is to be used as a voluntary contribution on the tax return.

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

(c) A designation shall be made for any taxable year on the initial return for that taxable year and, once made, is irrevocable. If payments and credits reported on the return, together with any other credits associated with the taxpayer's account, do not exceed the taxpayer's liability, the return shall be treated as though no designation has been made. If no designee is specified, the contribution shall be transferred to the General Fund after reimbursement of the direct actual costs of the Franchise Tax Board for the collection and administration of funds under this article.

(d) If 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.

(e) Upon another voluntary contribution designation being removed, the Franchise Tax Board shall revise the form of the return to include a space labeled the "California Police Activities League (CALPAL) Fund" to allow for the designation permitted. The form 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 exclusively to maintain the California Police Activities League (CALPAL) program.

(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).

18856.1. There is hereby created in the State Treasury the California Police Activities League (CALPAL) Fund to receive contributions made pursuant to Section 18856. 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 18856 to be transferred to the CALPAL Fund. The Controller shall transfer from the Personal Income Tax Fund to the CALPAL Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18856 for payment into that fund.

18856.2. All moneys transferred to the CALPAL Fund, upon appropriation by the Legislature, shall be allocated as follows:

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

(b) To the Controller for allocation to the CALPAL to be used exclusively to fund programs and services of the CALPAL.

(1) The moneys shall be allocated by the Controller each year to the state CALPAL established and maintained within the state.

(2) The Franchise Tax Board shall produce an annual report of the CALPAL funds received, by ZIP Code, and submit a copy to the chairpersons of the Assembly and Senate Committees on Revenue and Taxation, and the state CALPAL. In addition, the Franchise Tax Board shall make this report available on its Internet Web site.

(3) The state CALPAL shall use the report to allocate contributions received directly to county CALPAL chapters based on the ZIP Code of where the taxpayer contribution was made.

(4) A contribution made by a taxpayer who is located within a ZIP Code that does not have a CALPAL chapter established within that ZIP Code shall be allocated to the state CALPAL to help establish CALPAL chapters in that ZIP Code, or to fund CALPAL activities and programs. A contribution made from a ZIP Code that fails to meet the minimum threshold for federal reporting requirements shall be allocated to the state CALPAL to help establish CALPAL chapters in that ZIP Code, or to fund CALPAL activities and programs. The state CALPAL may use up to 15 percent of the total funds in paragraph (4) to cover administrative costs necessary to implement this article.

(5) The state CALPAL shall not distribute any contributions received from the Controller for a calendar year until the annual report of the CALPAL funds received is made available. After the annual report of the CALPAL funds received is available, the state CALPAL shall distribute the appropriate contributions to the CALPAL chapters, and provide all CALPAL chapters with a report detailing contributions to each CALPAL chapter.

18856.3. (a) Except as otherwise provided in subdivision (b), this article shall remain in effect only until January 1 of the fifth taxable year following the first appearance of the CALPAL Fund on the tax return, and as of that date is repealed, unless a later enacted statute, that is enacted before the applicable date, deletes or extends that date.

(b) (1) By September 1 of the second calendar year, and by September 1 of each subsequent calendar year that the CALPAL Fund appears on a tax return, 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 that next calendar year.

(B) Provide written notification to the state CALPAL 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, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars (\$250,000) for the second calendar year after the first appearance of the CALPAL Fund on the personal income tax return or the adjusted minimum contribution amount as adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with the third calendar year that the CALPAL Fund appears on the tax return, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum estimated contribution amount specified in subdivision (b) as follows:

(1) The minimum estimated contribution amount for the calendar year shall be an amount equal to the product of the minimum estimated contribution amount for the prior September 1 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.