

AMENDED IN SENATE JUNE 29, 2011

AMENDED IN ASSEMBLY MARCH 15, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 233

Introduced by Assembly Member Hall

February 2, 2011

An act to add and repeal Article 4.5 (commencing with Section 18736) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 233, as amended, Hall. Personal income taxes: voluntary contributions: California YMCA Youth and Government Fund.

The Personal Income Tax Law authorizes taxpayers to contribute amounts in excess of their tax liability for the support of specified funds.

This bill would additionally allow individuals to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the California YMCA Youth and Government Fund, which would be created by this bill. The bill would require the Franchise Tax Board, when another voluntary contribution designation is removed, to revise the tax return forms to provide for the designation created by this bill.

The bill would require money in the California YMCA Youth and Government Fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax ~~Board and the Controller Board~~, *the Controller, and the State Department of Education* for reimbursement of all costs incurred by the Franchise Tax ~~Board and the Controller Board~~, *the Controller, and the department* in connection with their duties collecting

and administering the fund and the balance to the State Department of Education for distribution to the California YMCA Youth and Government ~~Program for program-related expenses~~ *Program, and nonprofit civic youth organizations, as specified.*

The bill would provide that these provisions would remain in effect only until January 1 of the 5th taxable year following the first appearance of the California YMCA Youth and Government Fund on the tax return, but would further provide that if the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not equal or exceed the minimum contribution amount, as defined, for the calendar year, these provisions would be repealed with respect to taxable years beginning on or after January 1 of that calendar year.

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. Article 4.5 (commencing with Section 18736) is
 2 added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and
 3 Taxation Code, to read:

4
 5 Article 4.5. California YMCA Youth and Government Fund
 6

7 18736. (a) An individual may designate on the tax return that
 8 a contribution in excess of the tax liability, if any, be made to the
 9 California YMCA Youth and Government Fund, established by
 10 Section 18737.

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

13 (c) A designation under subdivision (a) shall be made for any
 14 taxable year on the original return for that taxable year, and once
 15 made is irrevocable. If payments and credits reported on the return,
 16 together with any other credits associated with the individual's
 17 account, do not exceed the individual's tax liability, the return
 18 shall be treated as though no designation has been made.

19 (d) If an individual designates a contribution to more than one
 20 account or fund listed on the tax return, and the amount available
 21 for designation is insufficient to satisfy the total amount designated,

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

3 (e) The Franchise Tax Board shall revise the form of the return
4 to include a space labeled “California YMCA Youth and
5 Government Fund” to allow for the designation permitted under
6 subdivision (a). The form shall also include in the instructions
7 information that the contribution may be in the amount of one
8 dollar (\$1) or more and that the contribution shall be used to
9 support ~~the YMCA Youth and Government Program~~ *civic*
10 *education programs operated by the YMCA Youth and Government*
11 *Program, the African American Leaders for Tomorrow Program,*
12 *the Asian Pacific Youth Leadership Project, and the Chicano*
13 *Latino Youth Leadership Project.*

14 (f) Notwithstanding any other provision, a voluntary contribution
15 designation for the California YMCA Youth and Government
16 Fund shall not be added on the tax return until another voluntary
17 contribution designation is removed.

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

21 18737. There is hereby established in the State Treasury the
22 California YMCA Youth and Government Fund to receive
23 contributions made pursuant to Section 18736. The Franchise Tax
24 Board shall notify the Controller of both the amount of money
25 paid by taxpayers in excess of their tax liability and the amount
26 of refund money that taxpayers have designated pursuant to Section
27 18736 to be transferred to the California YMCA Youth and
28 Government Fund. The Controller shall transfer from the Personal
29 Income Tax Fund to the California YMCA Youth and Government
30 Fund an amount not in excess of the sum of the amounts designated
31 by individuals pursuant to Section 18736 for payment into that
32 fund.

33 18738. (a) All moneys transferred to the California YMCA
34 Youth and Government Fund pursuant to Section 18736, upon
35 appropriation by the Legislature, shall be allocated as follows:

36 (1) To the Franchise Tax ~~Board and the Controller~~ *Board, the*
37 *Controller, and the State Department of Education* for
38 reimbursement of all costs incurred by the Franchise Tax ~~Board~~
39 ~~and the Controller~~ *Board, the Controller, and the State Department*
40 *of Education* in connection with their duties under this article.

1 (2) The balance to the State Department of Education for
2 ~~distribution to the California YMCA Youth and Government~~
3 ~~Program, for its ongoing activities on behalf of youth. distribution~~
4 ~~as follows:~~

5 (A) *If the California YMCA Youth and Government Fund collects*
6 *contributions of less than three hundred thousand dollars*
7 *(\$300,000), all funds shall be distributed to the California YMCA*
8 *Youth and Government Program.*

9 (B) *If the California YMCA Youth and Government Fund collects*
10 *donations in excess of three hundred thousand dollars (\$300,000),*
11 *the balance of the fund shall be distributed as follows:*

12 (i) *To provide an annual grant of ten thousand dollars (\$10,000)*
13 *to each of the following nonprofit civic youth organizations in*
14 *order to operate civic education and mock legislative programs:*

15 (I) *African American Leaders for Tomorrow Program.*

16 (II) *Asian Pacific Youth Leadership Project.*

17 (III) *Chicano Latino Youth Leadership Project.*

18 (ii) (I) *All remaining funds shall be distributed to the California*
19 *YMCA Youth and Government Program.*

20 (II) *The California YMCA Youth and Government Board of*
21 *Directors may award additional non profit civic youth*
22 *organizations a grant of up to ten thousand dollars (\$10,000) each*
23 *in order to operate civic education and mock legislative programs.*
24 *Grants shall be administered by the California YMCA Youth and*
25 *Government Board of Directors, who shall be responsible for*
26 *developing criteria, evaluating applications, and awarding grants*
27 *to eligible organizations.*

28 (b) All moneys allocated pursuant to subdivision (a) of this
29 section may be carried over from the year in which they were
30 received.

31 (c) *Funds distributed to the California YMCA Youth and*
32 *Government Program, the African American Leaders for Tomorrow*
33 *Program, the Asian Pacific Youth Leadership Project, the Chicano*
34 *Latino Youth Leadership Project, and any other nonprofit civic*
35 *youth organizations awarded a grant pursuant to clause (i) of*
36 *subparagraph (B) of paragraph (2) of subdivision (a) shall be used*
37 *to support program participation by underserved students and for*
38 *direct program-related expenses.*

1 (c) The funds distributed to the California YMCA Youth and
2 Government Program by the State Department of Education shall
3 be used exclusively for program-related expenses.

4 18739. (a) Except as otherwise provided in subdivision (b),
5 this article shall remain operative only until January 1 of the fifth
6 taxable year following the first appearance of the California YMCA
7 Youth and Government Fund on the tax return.

8 (b) (1) By September 1 of the second calendar year, and by
9 September 1 of each subsequent calendar year that the California
10 YMCA Youth and Government Fund appears on a tax return, the
11 Franchise Tax Board shall do all of the following:

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

16 (B) Provide written notification to the California YMCA Youth
17 and Government Program of the amount determined in
18 subparagraph (A).

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

27 (2) If the Franchise Tax Board determines that the amount of
28 contributions estimated to be received during a calendar year will
29 not equal or exceed the minimum contribution amount for the
30 calendar year, this article is repealed with respect to taxable years
31 beginning on or after January 1 of that calendar year.

32 (3) For purposes of this section, the “minimum contribution
33 amount” for a calendar year means two hundred fifty thousand
34 dollars (\$250,000) for the second calendar year after the first
35 taxable year for which the California YMCA Youth and
36 Government Fund appears on the tax return, or the minimum
37 contribution amount adjusted pursuant to subdivision (c).

38 (c) For each calendar year, beginning with the third calendar
39 year that the California YMCA Youth and Government Fund
40 appears on the tax return, the Franchise Tax Board shall adjust,

1 on or before September 1 of that calendar year, the minimum
2 estimated contribution amount specified in subdivision (b) as
3 follows:

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

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

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