

AMENDED IN ASSEMBLY APRIL 15, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1175

**Introduced by Assembly Member Fletcher
(Coauthor: Assembly Member Perea)**

February 18, 2011

An act to add Section 19304 Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1175, as amended, Fletcher. Franchise Tax Board: refunds: direct deposit: 529 savings account.

Existing law requires the Franchise Tax Board to make a refund to a taxpayer of any overpayment of taxes. Existing law requires the Franchise Tax Board to revise the returns to allow a taxpayer to designate financial institutions for direct deposit of a refund.

This bill would require the Franchise Tax Board to revise returns to allow a taxpayer to *explicitly* designate a 529 college savings account for direct deposit of the taxpayer's refund. *This bill would also require the Franchise Tax Board to revise taxpayer form instructions to include the ability of a taxpayer to directly deposit a portion of the refund into the Golden State Scholarshare College Savings Trust, as defined. This bill would require the Scholarshare Investment Board to provide the Franchise Tax Board with a description of that trust program before a date specified by the Franchise Tax Board, and that the revisions be completed in the most cost-effective manner.*

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 19304 is added to the Revenue and
2 Taxation Code, to read:

3 19304. (a) The Franchise Tax Board shall revise returns
4 required to be filed, pursuant to Article 1 (commencing with
5 Section 18501) of Chapter 2 of Part 10.2 of Division 2 to allow a
6 taxpayer, who is an individual, to *explicitly* designate a 529 college
7 savings account, as provided in Section 529 of the Internal Revenue
8 Code, for direct deposit of the taxpayer's refund.

9 (b) *The Franchise Tax Board shall revise taxpayer form*
10 *instructions to include information about split refund options,*
11 *including, but not limited to, the ability of a taxpayer to directly*
12 *deposit a portion of the refund into the Golden State Scholarshare*
13 *College Savings Trust.*

14 (c) *The Scholarshare Investment Board shall provide the*
15 *Franchise Tax Board with a description of the Golden State*
16 *Scholarshare College Savings Trust on or before a specified date*
17 *provided by the Franchise Tax Board.*

18 (d) *The Franchise Tax Board shall revise the return and the*
19 *taxpayer form instruction in the most cost-effective manner. For*
20 *purposes of the return, cost-effective manner means, but is not*
21 *limited to, adding the 529 college savings account to the return*
22 *as a type of account to which a direct deposit is made, while*
23 *utilizing the current form and manner for purposes of the routing*
24 *number, account number, and amount of the direct deposit*
25 *designation.*

26 (e) *For purposes of this section, "Golden State Scholarshare*
27 *College Savings Trust" has the meaning set forth in subdivision*
28 *(e) of Section 69980 of the Education Code.*