

Introduced by Senator DeSaulnierFebruary 24, 2012

An act to add and repeal Article 20 (commencing with Section 18895) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1571, as introduced, DeSaulnier. Personal income taxes: voluntary contribution: School Supplies for Homeless Children 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 an individual to designate on his or her tax return that a specified amount in excess of their tax liability be transferred to the School Supplies for Homeless Children 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 moneys in the School Supplies for Homeless Children Fund, upon appropriation by the Legislature, to be allocated 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 collecting and administering the fund and the balance to K to College, a California nonprofit public benefit corporation, to provide school supplies to homeless children.

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 School Supplies for Homeless Children 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will not equal or exceed the minimum contribution amount, as defined, for that calendar year, these provisions would be repealed on December 1 of that calendar year.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 20 (commencing with Section 18895) 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 20. School Supplies for Homeless Children Fund
6

7 18895. (a) Any individual may designate on the tax return that
8 a contribution in excess of the tax liability, if any, be made to the
9 School Supplies for Homeless Children Fund established by
10 Section 18896.

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 a
14 taxable year on the original return for that taxable year, and once
15 made shall be irrevocable. If payments and credits reported on the
16 return, together with any other credits associated with the
17 individual’s account, do not exceed the individual’s tax liability,
18 the return 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 is insufficient to satisfy the total amount designated, the
22 contribution shall be allocated among the designees on a pro rata
23 basis.

24 (e) The Franchise Tax Board shall revise the form of the return
25 to include a space labeled “School Supplies for Homeless Children
26 Fund” to allow for the designation permitted under subdivision
27 (a). The form shall also include in the instructions information that
28 the contribution may be in the amount of one dollar (\$1) or more
29 and that the contribution shall be used to provide school supplies
30 for homeless children.

1 (f) Notwithstanding any other law, a voluntary contribution
2 designation for the School Supplies for Homeless Children Fund
3 shall not be added on the tax return until another voluntary
4 contribution designation is removed.

5 18896. There is hereby established in the State Treasury the
6 School Supplies for Homeless Children Fund to receive
7 contributions made pursuant to Section 18895. The Franchise Tax
8 Board shall notify the Controller of both the amount of money
9 paid by taxpayers in excess of their tax liability and the amount
10 of refund money that taxpayers have designated pursuant to Section
11 18895 to be transferred to the School Supplies for Homeless
12 Children Fund. The Controller shall transfer from the Personal
13 Income Tax Fund to the School Supplies for Homeless Children
14 Fund an amount not in excess of the sum of the amounts designated
15 by individuals pursuant to Section 18895 for payment into that
16 fund.

17 18897. All money transferred to the School Supplies for
18 Homeless Children Fund, upon appropriation by the Legislature,
19 shall be allocated as follows:

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

23 (b) To K to College, a California nonprofit public benefit
24 corporation, to provide school supplies to homeless children.

25 18898. (a) Except as otherwise provided in subdivision (b),
26 this article shall remain in effect only until January 1 of the fifth
27 taxable year following the first appearance of the School Supplies
28 for Homeless Children Fund on the personal income tax return,
29 and is repealed as of December 1 of that taxable year.

30 (b) (1) By September 1 of the second calendar year and each
31 subsequent calendar year that the School Supplies for Homeless
32 Children Fund appears on the tax return, the Franchise Tax Board
33 shall do all of the following:

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

38 (B) Provide written notification to the K to College nonprofit
39 public benefit corporation of the amount determined in
40 subparagraph (A).

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

9 (2) If the Franchise Tax Board determines that the amount of
10 the contributions estimated to be received during a calendar year
11 will not at least equal the minimum contribution amount for the
12 calendar year, this article is repealed with respect to taxable years
13 beginning on or after January 1 of that calendar year and shall be
14 repealed on December 1 of that calendar year.

15 (3) For purposes of this section, the minimum contribution
16 amount for a calendar year means two hundred fifty thousand
17 dollars (\$250,000) for the second calendar year after the first
18 appearance of the School Supplies for Homeless Children Fund
19 on the personal income tax return or the adjusted minimum
20 contribution amount adjusted pursuant to subdivision (c).

21 (c) For each calendar year, beginning with the third calendar
22 year after the first appearance of the School Supplies for Homeless
23 Children Fund on the personal income tax return, the Franchise
24 Tax Board shall adjust, on or before September 1 of that calendar
25 year, the minimum contribution amount specified in subdivision
26 (b) as follows:

27 (1) The minimum estimated contribution amount for the calendar
28 year shall be an amount equal to the product of the minimum
29 estimated contribution amount for the calendar year multiplied by
30 the inflation factor adjustment as specified in subparagraph (A) of
31 paragraph (2) of subdivision (h) of Section 17041, rounded off to
32 the nearest dollar.

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

38 (d) Notwithstanding the repeal of this article, any contribution
39 amounts designated pursuant to this article prior to its repeal shall

- 1 continue to be transferred and disbursed in accordance with this
- 2 article as in effect immediately prior to that repeal.

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