

**ASSEMBLY BILL**

**No. 511**

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**Introduced by Assembly Member Pan**

February 20, 2013

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An act to add and repeal Article 12 (commencing with Section 18830) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 511, as introduced, Pan. Income taxes: voluntary contributions: American Red Cross 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 authorize taxpayers to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the American Red Cross Fund, which is created by this bill. 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 the Controller for reimbursement and to the American Red Cross for disaster relief, as prescribed.

This bill would provide that these voluntary contribution provisions are inoperative and repealed on the earlier of the following: inoperative on January 1 of the 5th taxable year following the taxable year the fund first appears on the tax return and repealed on December 1 of that taxable year or inoperative for taxable years beginning on or after January 1 of the calendar year in which the Franchise Tax Board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for subsequent taxable years, and are repealed on December 1 of that calendar year.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 12 (commencing with Section 18830) 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 12. American Red Cross Fund  
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7 18830. (a) An individual may designate on the tax return that  
8 a contribution in excess of tax liability, if any, be made to the  
9 American Red Cross Fund established by Section 18831.

10 (b) A contribution shall be in a full dollar amount and may be  
11 made individually by each signatory on a joint return.

12 (c) A designation made under subdivision (a) shall be made for  
13 any taxable year on the original return for that taxable year, and  
14 once made shall be irrevocable. In the event that payments and  
15 credits reported on the return, together with any other credits  
16 associated with the taxpayer's account do not exceed the taxpayer's  
17 tax liability, if any, the return shall be treated as though no  
18 designation had been made. In the event that no designee is  
19 specified, the contribution shall, after reimbursement of the direct  
20 actual costs of the Franchise Tax Board for the collection and  
21 administration of funds under this article, be transferred to the  
22 General Fund.

23 (d) If an individual designates a contribution to more than one  
24 account or fund listed on the tax return, and the amount available  
25 is insufficient to satisfy the total amount designated, the  
26 contribution shall be allocated among the designated accounts on  
27 a pro rata basis.

28 (e) The Franchise Tax Board shall revise the form of the return  
29 to include a space labeled the "American Red Cross Fund" to allow  
30 for the designation permitted under subdivision (a). The form shall  
31 also include in the instructions information that the contribution  
32 may be in the amount of one dollar (\$1) or more and that the

1 contribution shall be used by the American Red Cross to fund  
2 disaster relief.

3 (f) Notwithstanding any other provision, a voluntary contribution  
4 designation for the American Red Cross Fund shall not be added  
5 on the tax return until another voluntary contribution designation  
6 is removed.

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

10 18831. There is hereby established in the State Treasury the  
11 American Red Cross Fund to receive contributions made pursuant  
12 to Section 18830. The Franchise Tax Board shall notify the  
13 Controller of both the amount of money paid by taxpayers in excess  
14 of their tax liability and the amount of refund money that taxpayers  
15 have designated pursuant to Section 18830 to be transferred to the  
16 American Red Cross Fund. The Controller shall transfer from the  
17 Personal Income Tax Fund to the American Red Cross Fund an  
18 amount not in excess of the sum of the amounts designated by  
19 individuals pursuant to Section 18830 for payment into that fund.

20 18832. All money transferred to the American Red Cross Fund,  
21 upon appropriation by the Legislature, shall be allocated as follows:

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

25 (b) To the American Red Cross, for the purpose of funding  
26 disaster relief.

27 18833. (a) Except as otherwise provided in paragraph (2) of  
28 subdivision (b), this article shall remain in effect only until January  
29 1 of the fifth taxable year following the first appearance of the  
30 American Red Cross Fund on the personal income tax return, and  
31 is repealed as of December 1 of that taxable year.

32 (b) (1) By September 1 of the second calendar year and each  
33 subsequent calendar year that the American Red Cross Fund  
34 appears on the tax return, the Franchise Tax Board shall do all of  
35 the following:

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

(B) 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 the 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 inoperative with respect to taxable years beginning on or after January 1 of that calendar year, and shall be repealed on December 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 American Red Cross Fund on the personal income tax return or the adjusted minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with the third calendar year after the first appearance of the American Red Cross Fund on the personal income 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 estimated contribution amount for the calendar year shall be an amount equal to the product of the minimum estimated contribution amount for the calendar year multiplied by the inflation factor adjustment as specified in subparagraph (A) of 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 for all items 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

- 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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