

AMENDED IN ASSEMBLY APRIL 2, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1765

Introduced by Assembly Member Jones-Sawyer
(Coauthor: Assembly Member Holden)

February 14, 2014

An act to add and repeal Article 22 (commencing with Section 18900.20) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1765, as amended, Jones-Sawyer. Personal income taxes: voluntary contributions: Habitat for Humanity Fund.

The Personal Income Tax Law authorizes an individual to contribute amounts in excess of his or her 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 his or her tax liability be transferred to the Habitat for Humanity 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 Habitat for Humanity Fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax Board and the Controller for reimbursement of costs, as provided, and the balance to the Department of Housing and Community Development to distribute grants to Habitat for Humanity affiliates in California that meet certain requirements, including a specified tax-exempt status. ~~The bill would require these grants to be used for~~

~~the sole purpose of building affordable housing in California. The bill would require the Department of Housing and Community Development to award grants through a competitive, project-specific grant process. The bill would prohibit a Habitat for Humanity affiliate from using a grant award for administrative expenses or for any purposes outside of California.~~

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 Habitat for Humanity Fund on the tax return, but would further provide for an earlier repeal 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or exceed the minimum contribution amount, as defined, for that calendar year, in which case these provisions would be repealed on December 1 of that year.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 22 (commencing with Section 18900.20)
2 is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue
3 and Taxation Code, to read:

4
5 Article 22. Habitat for Humanity Fund
6

7 18900.20. (a) An individual may designate on the tax return
8 that a contribution in excess of the tax liability, if any, be made to
9 the Habitat for Humanity Fund established by Section 18900.22.

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

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

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

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

3 (e) The Franchise Tax Board shall revise the form of the return
4 to include a space labeled “Habitat for Humanity Fund” to allow
5 for the designation permitted under subdivision (a). The form shall
6 also include in the instructions information that the contribution
7 may be in the amount of one dollar (\$1) or more and that the
8 contribution shall be used to build affordable housing in California.

9 (f) Notwithstanding any other law, a voluntary contribution
10 designation for the Habitat for Humanity Fund shall not be added
11 on the tax return until another voluntary contribution designation
12 is removed.

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

16 18900.22. There is hereby established in the State Treasury
17 the Habitat for Humanity Fund to receive contributions made
18 pursuant to Section 18900.20. The Franchise Tax Board shall notify
19 the Controller of both the amount of money paid by taxpayers in
20 excess of their tax liability and the amount of refund money that
21 taxpayers have designated pursuant to Section 18900.20 to be
22 transferred to the Habitat for Humanity Fund. The Controller shall
23 transfer from the Personal Income Tax Fund to the Habitat for
24 Humanity Fund an amount not in excess of the sum of the amounts
25 designated by individuals pursuant to Section 18900.20 for
26 payment into that fund.

27 18900.24. All money transferred to the Habitat for Humanity
28 Fund, upon appropriation by the Legislature, shall be allocated as
29 follows:

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

33 (b) The Department of Housing and Community Development
34 for distribution of grants to Habitat for Humanity affiliates in
35 California that are in active status, as described on the Business
36 search page of the Secretary of State’s Internet Web site, and that
37 are exempt from federal income taxation as an organization
38 described in Section 501(c)(3) of the Internal Revenue Code. ~~These~~
39 ~~grants shall be used for the sole purpose of building affordable~~
40 ~~housing in California.~~ *The Department of Housing and Community*

1 *Development shall award grants through a competitive,*
2 *project-specific grant process. A Habitat for Humanity affiliate*
3 *shall not use a grant award for administrative expenses or for any*
4 *purposes outside of California.*

5 18900.26. (a) Except as otherwise provided in subdivision (b),
6 this article shall remain in effect only until January 1 of the fifth
7 taxable year following the first appearance of the Habitat for
8 Humanity Fund on the personal income tax return, and is repealed
9 as of December 1 of that year.

10 (b) (1) By September 1 of the second calendar year and each
11 subsequent calendar year that the Habitat for Humanity Fund
12 appears on the tax return, the Franchise Tax Board shall do all of
13 the following:

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

18 (B) Provide written notification to the Controller and the
19 Department of Housing and Community Development of the
20 amount determined in subparagraph (A).

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

29 (2) If the Franchise Tax Board determines that the amount of
30 the contributions estimated to be received during a calendar year
31 will not at least equal the minimum contribution amount for the
32 calendar year, this article shall be inoperative with respect to
33 taxable years beginning on or after January 1 of that calendar year
34 and shall be repealed on December 1 of that year.

35 (3) For purposes of this section, the minimum contribution
36 amount for a calendar year means two hundred fifty thousand
37 dollars (\$250,000) for the second calendar year after the first
38 appearance of the Habitat for Humanity Fund on the personal
39 income tax return or the minimum contribution amount as adjusted
40 pursuant to subdivision (c).

1 (c) For each calendar year, beginning with the third calendar
2 year after the first appearance of the Habitat for Humanity Fund
3 on the personal income tax return, the Franchise Tax Board shall
4 adjust, on or before September 1 of that calendar year, the
5 minimum contribution amount specified in subdivision (b) as
6 follows:

7 (1) The minimum contribution amount for the calendar year
8 shall be an amount equal to the product of the minimum
9 contribution amount for the prior calendar year multiplied by the
10 inflation factor adjustment as specified in subparagraph (A) of
11 paragraph (2) of subdivision (h) of Section 17041, rounded off to
12 the nearest dollar.

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

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