

**Assembly Bill No. 1765**

\_\_\_\_\_

Passed the Assembly August 21, 2014

\_\_\_\_\_  
*Chief Clerk of the Assembly*

\_\_\_\_\_

Passed the Senate August 19, 2014

\_\_\_\_\_  
*Secretary of the Senate*

\_\_\_\_\_

This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2014, at \_\_\_\_\_ o'clock \_\_\_\_M.

\_\_\_\_\_  
*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

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, Jones-Sawyer. Personal income taxes: voluntary contributions: Habitat for Humanity Fund.

Existing law authorizes an individual to contribute amounts in excess of his or her income 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 prohibit a voluntary contribution designation for this fund from being added until another designation is removed or space is available, whichever occurs first.

The bill would require moneys in the Habitat for Humanity Fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax Board, the Controller, and the Department of Housing and Community Development 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 having a specified tax-exempt status. The bill would require the Department of Housing and Community Development to award grants through a competitive, project-specific grant process and be responsible for overseeing that grant program. 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 or January 1, 2021, whichever occurs first, 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 at least equal the minimum contribution amount, as defined, for that calendar year, in which case these provisions would be repealed on December 1 of that year.

*The people of the State of California do enact as follows:*

SECTION 1. Article 22 (commencing with Section 18900.20) is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

Article 22. Habitat for Humanity Fund

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

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

(c) A designation under subdivision (a) shall be made for a taxable year on the original return for that taxable year, and once made shall be irrevocable. If payments and credits reported on the return, together with any other credits associated with the individual's account, do not exceed the individual's tax liability, the return shall be treated as though no designation has been made. If a contribution is specified, but a designee is not specified, the contribution shall be transferred to the General Fund after reimbursement of the direct actual costs of the Franchise Tax Board for the collection and administration of funds under this article.

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

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

(f) Notwithstanding any other law, a voluntary contribution designation for the Habitat for Humanity Fund shall not be added on the tax return until another voluntary contribution designation is removed or space is available, whichever occurs first.

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

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

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

(a) To the Franchise Tax Board, the Controller, and the Department of Housing and Community Development for reimbursement of all costs incurred by the Franchise Tax Board, the Controller, and the Department of Housing and Community Development in connection with their duties under this article.

(b) The Department of Housing and Community Development for distribution of grants to Habitat for Humanity affiliates in California that are in active status, as described on the Business Search page of the Secretary of State's Internet Web site, and that are exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Department of Housing and Community Development shall award grants through a competitive, project-specific grant process and be responsible for overseeing that grant program. A Habitat for Humanity affiliate shall not use a grant award for administrative expenses or for any purposes outside of California.

18900.26. (a) Except as otherwise provided in subdivision (b), this article shall remain in effect only until January 1 of the fifth taxable year following the first appearance of the Habitat for

Humanity Fund on the personal income tax return, or January 1, 2021, whichever occurs first, and is repealed as of December 1 of that year.

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

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

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

(C) 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 shall be 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 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 Habitat for Humanity Fund on the personal income tax return or the minimum contribution amount as adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with the third calendar year after the first appearance of the Habitat for Humanity 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 contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior 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 continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.



Approved \_\_\_\_\_, 2014

---

*Governor*