

AMENDED IN ASSEMBLY MAY 6, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2326

Introduced by Assembly Member Dickinson

February 21, 2014

An act to amend Section ~~17072~~ 17076 of, and to add and repeal Section 17239 of, and to add and repeal Article 18 (commencing with Section 18887) of Chapter 3 of Part 10.2 of Division 2 of, the Revenue and Taxation Code, relating to taxation, *to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2326, as amended, Dickinson. Personal income tax: deductions: pet adoption costs: ~~voluntary contributions: costs.~~

~~(1) The Personal Income Tax Law authorizes various deductions in computing income that is subject to tax under that law.~~

The Personal Income Tax Law, in modified conformity with federal income tax laws, allows various deductions in computing the income that is subject to the taxes imposed by that law, including miscellaneous itemized deductions that are allowed only to the extent that the aggregate amount of those deductions exceed 2% of adjusted gross income.

This bill, for taxable years beginning on or after January 1, 2015, and before January 1, 2020, would allow a ~~deduction from gross income; deduction,~~ not to exceed \$100, under that law for the qualified costs paid or incurred by a taxpayer for the adoption of a pet from a qualified animal rescue organization.

~~(2) 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 return that a specified amount in excess of their tax liability be transferred to the Pet Adoption Cost Deduction Fund, which would be created by this bill. The bill would prohibit a voluntary contribution designation for the Pet Adoption Cost Deduction Fund from being added on the tax return until another voluntary contribution designation is removed.~~

~~The bill would require moneys in the Pet Adoption Cost Deduction Fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax Board, to the Controller for reimbursement of costs in connection with providing personal income tax deductions for pet adoptions, as provided, and the balance to the Department of Food and Agriculture for the distribution of grants to eligible municipal shelters, as defined, for the purpose of providing food and shelter to abandoned and impounded animals, as specified.~~

~~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 Pet Adoption Cost Deduction 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.~~

This bill would take effect immediately as a tax levy.

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 17072 of the Revenue and Taxation Code~~
- 2 ~~is amended to read:~~
- 3 ~~17072. (a) Section 62 of the Internal Revenue Code, relating~~
- 4 ~~to adjusted gross income defined, shall apply, except as otherwise~~
- 5 ~~provided.~~
- 6 ~~(b) Section 62(a)(2)(D) of the Internal Revenue Code, relating~~
- 7 ~~to certain expenses of elementary and secondary school teachers,~~
- 8 ~~shall not apply.~~
- 9 ~~(c) Section 62(a)(21) of the Internal Revenue Code, relating to~~
- 10 ~~attorneys fees relating to awards to whistleblowers, shall not apply.~~
- 11 ~~(d) For taxable years beginning on or after January 1, 2015, and~~
- 12 ~~before January 1, 2020, the deduction allowed by Section 17239,~~

1 relating to qualified costs for the adoption of a pet from a qualified
2 animal rescue organization, shall apply.

3 ~~SEC. 2.~~

4 *SECTION 1.* Section 17239 is added to the Revenue and
5 Taxation Code, to read:

6 17239. (a) For each taxable year beginning on or after January
7 1, 2015, and before January 1, 2020, there shall be allowed as a
8 deduction an amount equal to the qualified costs paid or incurred
9 during the taxable year by a taxpayer for the adoption of a pet from
10 a qualified animal rescue organization.

11 (b) For the purposes of this section, the following definitions
12 shall apply:

13 (1) "Pet" means an animal adopted from a qualified animal
14 rescue organization that is not used by the taxpayer in a trade or
15 business or for the production of income.

16 (2) "Qualified animal rescue organization" means a public
17 animal control agency or shelter, humane society shelter, or rescue
18 group.

19 (3) "Qualified costs" means amounts paid or incurred to a
20 qualified animal rescue organization to adopt a pet, not to exceed
21 one hundred dollars (\$100).

22 (4) "Rescue group" means an organization exempt from federal
23 income taxation as, an organization described in Section 501(c)(3)
24 of the Internal Revenue Code, whose primary purpose is the
25 placement of dogs, cats, or other animals that have been removed
26 from a public animal control agency or shelter, society for the
27 prevention of cruelty to animals shelter, or humane society, or that
28 have been surrendered or relinquished to the rescue group by the
29 previous owner.

30 (c) The deduction allowed under this section for a taxable year
31 shall not exceed one hundred dollars (\$100).

32 (d) This section shall remain in effect only until December 1,
33 2020, and as of that date is repealed.

34 *SEC. 2. This act provides for a tax levy within the meaning of*
35 *Article IV of the Constitution and shall go into immediate effect.*

36 ~~SEC. 3. Article 18 (commencing with Section 18887) is added~~
37 ~~to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation~~
38 ~~Code, to read:~~

1 Article 18. ~~Pet Adoption Cost Deduction Fund~~

2
3 ~~18887. (a) An individual may designate on the tax return that~~
4 ~~a contribution in excess of the tax liability, if any, be made to the~~
5 ~~Pet Adoption Cost Deduction Fund established by Section 18888.~~
6 ~~That designation is to be used as a voluntary contribution on the~~
7 ~~tax return.~~

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

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

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

25 ~~(e) The Franchise Tax Board shall revise the form of the return~~
26 ~~to include a space labeled "Pet Adoption Cost Deduction Fund"~~
27 ~~to allow for the designation permitted under subdivision (a). The~~
28 ~~form shall also include in the instructions information that the~~
29 ~~contribution may be in the amount of one dollar (\$1) or more and~~
30 ~~that the contribution shall be used to reimburse the California State~~
31 ~~General Fund for the reduction in receipts attributable to the Pet~~
32 ~~Adoption Fee Deduction allowed pursuant to Section 17239, with~~
33 ~~any contributions in excess of the reduction in receipts used to~~
34 ~~provide grants to eligible municipal shelters for the purpose of~~
35 ~~providing food and shelter to abandoned and impounded animals.~~

36 ~~(f) Notwithstanding any other law, a voluntary contribution~~
37 ~~designation for the Pet Adoption Cost Deduction Fund shall not~~
38 ~~be added on the tax return until another voluntary contribution~~
39 ~~designation is removed.~~

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

4 ~~18888. There is hereby established in the State Treasury the~~
5 ~~Pet Adoption Cost Deduction Fund to receive contributions made~~
6 ~~pursuant to Section 18887. The Franchise Tax Board shall notify~~
7 ~~the Controller of both the amount of money paid by taxpayers in~~
8 ~~excess of their tax liability and the amount of refund money that~~
9 ~~taxpayers have designated pursuant to Section 18887 to be~~
10 ~~transferred to the Pet Adoption Cost Deduction Fund. The~~
11 ~~Controller shall transfer from the Personal Income Tax Fund to~~
12 ~~the Pet Adoption Cost Deduction Fund an amount not in excess~~
13 ~~of the sum of the amounts designated by individuals pursuant to~~
14 ~~Section 18887 for payment into that fund.~~

15 ~~18889. All moneys transferred to the Pet Adoption Cost~~
16 ~~Deduction Fund, upon appropriation by the Legislature, shall be~~
17 ~~allocated as follows:~~

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

21 ~~(b) To the Controller for reimbursement of all losses incurred~~
22 ~~by the General Fund in connection with providing tax deductions~~
23 ~~for pet adoptions pursuant to Section 17239.~~

24 ~~(c) (1) To the Department of Food and Agriculture for~~
25 ~~distribution of grants to eligible municipal shelters for the purpose~~
26 ~~of providing food and shelter to abandoned and impounded~~
27 ~~animals. The department may use up to 5 percent of the money~~
28 ~~allocated to municipal shelters for administrative costs incurred~~
29 ~~in connection with the Pet Adoption Fee Deduction Fund.~~

30 ~~(2) For the purposes of this article, “eligible municipal shelter”~~
31 ~~means a city or county animal control agency or shelter that is~~
32 ~~current on its reporting requirements to the State Department of~~
33 ~~Public Health, Veterinary Public Health Section. The State~~
34 ~~Department of Public Health shall, upon the written request of the~~
35 ~~Department of Food and Agriculture, make available information~~
36 ~~regarding whether a city or county animal control agency or shelter~~
37 ~~is current on its reporting requirements pursuant to this paragraph.~~

38 ~~(3) The Department of Food and Agriculture shall do all of the~~
39 ~~following with respect to the distribution of grants:~~

1 ~~(A) Accept applications for grants from eligible municipal~~
2 ~~shelters.~~
3 ~~(B) Process and approve, or reject all applications on a~~
4 ~~first-come-first-served basis, in the following manner:~~
5 ~~(i) Eligible municipal shelters processing fewer than 5,000 dogs~~
6 ~~and cats each year shall receive up to seven thousand five hundred~~
7 ~~dollars (\$7,500), if funds are available.~~
8 ~~(ii) Eligible municipal shelters processing between 5,000 and~~
9 ~~25,000 dogs and cats each year shall receive up to fifteen thousand~~
10 ~~dollars (\$15,000), if funds are available.~~
11 ~~(iii) Eligible municipal shelters processing more than 25,000~~
12 ~~dogs and cats shall receive up to twenty-two thousand five hundred~~
13 ~~dollars (\$22,500), if funds are available.~~
14 ~~(C) Make applications available to eligible municipal shelters~~
15 ~~on the first day of the second calendar year after the Pet Adoption~~
16 ~~Fee Deduction Fund first appears on the tax return.~~
17 ~~(d) In order to be eligible for grants authorized by this article,~~
18 ~~eligible municipal shelters shall file an application with the~~
19 ~~Department of Food and Agriculture, in the form and manner as~~
20 ~~specified by the Department of Food and Agriculture.~~
21 ~~(e) Any grants distributed under this article create an additional~~
22 ~~funding source for food and shelter services and programs for~~
23 ~~eligible municipal shelters and shall be used to supplement, not~~
24 ~~supplant, other funding sources for these services and programs.~~
25 ~~18890. (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 Pet Adoption~~
28 ~~Cost Deduction Fund on the personal income tax return, and is~~
29 ~~repealed as of December 1 of that year.~~
30 ~~(b) (1) By September 1 of the second calendar year and each~~
31 ~~subsequent calendar year that the Pet Adoption Cost Deduction~~
32 ~~Fund appears on the tax return, the Franchise Tax Board shall do~~
33 ~~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 Department of Food and~~
39 ~~Agriculture of the amount determined in 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 shall be inoperative with respect to~~
13 ~~taxable years beginning on or after January 1 of that calendar year~~
14 ~~and shall be repealed on December 1 of that 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 Pet Adoption Cost Deduction Fund on the~~
19 ~~personal income tax return or the minimum contribution amount~~
20 ~~as adjusted pursuant to subdivision (c).~~

21 ~~(e) For each calendar year, beginning with the third calendar~~
22 ~~year after the first appearance of the Pet Adoption Cost Deduction~~
23 ~~Fund on the personal income tax return, the Franchise Tax Board~~
24 ~~shall adjust, on or before September 1 of that calendar year, the~~
25 ~~minimum contribution amount specified in subdivision (b) as~~
26 ~~follows:~~

27 ~~(1) The minimum contribution amount for the calendar year~~
28 ~~shall be an amount equal to the product of the minimum~~
29 ~~contribution amount for the prior calendar year multiplied by the~~
30 ~~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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