

AMENDED IN ASSEMBLY JUNE 16, 2014

AMENDED IN SENATE APRIL 7, 2014

SENATE BILL

No. 997

Introduced by Senator Morrell

(Principal coauthor: Assembly Member Alejo)

(Coauthors: Senators Gaines and Jackson)

(Coauthors: Assembly Members Brown, Buchanan, Cooley, Fong, Harkey, Linder, Mansoor, Stone, Wagner, and Waldron)

February 13, 2014

An act to amend Section 18724 of, *and to add and repeal Article 3.5 (commencing with Section 18725) of Chapter 3 of Part 10.2 of Division 2 of, the Revenue and Taxation Code, relating to taxation.*

LEGISLATIVE COUNSEL'S DIGEST

SB 997, as amended, Morrell. Voluntary contributions: California Fund for Senior Citizens.

Under the Personal Income Tax Law, taxpayers are allowed to contribute amounts in excess of their tax liability for the support of the California Fund for Senior Citizens until the year in which the minimum contribution is not received, or January 1, 2020, whichever occurs first.

~~This bill would eliminate the requirement that these contributions reach the minimum contribution amount~~ *repeal these provisions and would instead allow a taxpayer, for taxable years beginning on or after January 1, 2014, to designate an amount in excess of tax liability to be deposited to the California Senior Legislature Fund, which the bill would create. This bill would require moneys transferred to the California Senior Legislature Fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax Board and Controller, as provided, and to the California Senior Legislature for the purpose*

of funding the activities of the California Senior Legislature, as provided.

This bill would repeal these voluntary contribution provisions by a specified date or if contributions made on returns would be less than a specified amount, by an earlier date as provided.

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 18724 of the Revenue and Taxation Code
 2 is amended to read:

3 18724. (a) ~~Except as otherwise provided in subdivision (b),~~
 4 ~~this~~ *This* article shall remain in effect only for taxable years
 5 beginning before January 1, ~~2020~~, 2014, and as of December 1,
 6 ~~2020~~, 2014, is repealed.

7 (b) Notwithstanding the repeal of this article, any contribution
 8 amounts designated pursuant to this article prior to its repeal shall
 9 continue to be transferred and disbursed in accordance with this
 10 article as in effect immediately prior to that repeal.

11 SEC. 2. Article 3.5 (commencing with Section 18725) is added
 12 to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation
 13 Code, to read:

14
 15 Article 3.5. California Senior Legislature Fund

16
 17 18725. (a) For taxable years beginning on or after January
 18 1, 2014, any individual may designate on the tax return that a
 19 contribution in excess of the tax liability, if any, be made to the
 20 California Senior Legislature Fund established by Section 18726
 21 to be used to conduct the sessions of the California Senior
 22 Legislature and to support its ongoing activities on behalf of older
 23 persons.

24 (b) The contribution shall be in full dollar amounts and may be
 25 made individually by each signatory on the joint return.

26 (c) A designation under subdivision (a) shall be made for any
 27 taxable year on the initial return for that taxable year, and once
 28 made shall be irrevocable. If payments and credits reported on
 29 the return, together with any other credits associated with the
 30 individual's account, do not exceed the individual's tax liability,

1 *the return shall be treated as though no designation has been*
2 *made.*

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

8 *(e) The Franchise Tax Board shall revise the form of the return*
9 *to include a space labeled "California Senior Legislature Fund"*
10 *to allow for the designation permitted under subdivision (a). The*
11 *form shall also include in the instructions information that the*
12 *contribution may be in the amount of one dollar (\$1) or more and*
13 *that the contribution shall be used to conduct the sessions of the*
14 *California Senior Legislature and to support its ongoing activities*
15 *on behalf of older persons.*

16 *(f) A deduction shall be allowed under Article 6 (commencing*
17 *with Section 17201) of Chapter 3 of Part 10 for any contribution*
18 *made pursuant to subdivision (a).*

19 *18726. There is hereby established in the State Treasury the*
20 *California Senior Legislature Fund to receive contributions made*
21 *pursuant to Section 18725. The Franchise Tax Board shall notify*
22 *the Controller of both the amount of money paid by taxpayers in*
23 *excess of their tax liability and the amount of refund money that*
24 *taxpayers have designated pursuant to Section 18725 to be*
25 *transferred to the California Senior Legislature Fund. The*
26 *Controller shall transfer from the Personal Income Tax Fund to*
27 *the California Senior Legislature Fund an amount not in excess*
28 *of the sum of the amounts designated by individuals pursuant to*
29 *Section 18725 for payment into that fund.*

30 *18728. (a) All moneys transferred to the California Senior*
31 *Legislature Fund pursuant to Section 18726, upon appropriation*
32 *by the Legislature, shall be allocated as follows:*

33 *(1) To the Franchise Tax Board and the Controller for*
34 *reimbursement of all costs incurred by the Franchise Tax Board*
35 *and the Controller in connection with their duties under this article.*

36 *(2) The balance to the California Senior Legislature, for its*
37 *ongoing activities on behalf of older persons.*

38 *(b) All moneys allocated pursuant to paragraph (2) of*
39 *subdivision (a) may be carried over from the year in which they*
40 *were received and encumbered in any following year.*

1 (c) *The funds allocated to the California Senior Legislature for*
2 *the purpose of funding the activities of the California Senior*
3 *Legislature shall be spent pursuant to the purview of the Joint*
4 *Rules Committee of the California Senior Legislature in a manner*
5 *consistent with the bylaws of the California Senior Legislature,*
6 *established through a majority vote of the California Senior*
7 *Legislature.*

8 18729. (a) *Except as otherwise provided in subdivision (b),*
9 *this article shall remain in effect only for taxable years beginning*
10 *before January 1, 2019, and as of December 1, 2019, is repealed.*

11 (b) (1) *By September 1, 2015, and by September 1 of each*
12 *subsequent calendar year that the California Senior Legislature*
13 *Fund appears on the tax return, the Franchise Tax Board shall do*
14 *all of the following:*

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

19 (B) *Provide written notification to the California Senior*
20 *Legislature of the 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*
27 *estimate of the contributions that will be received by the end of*
28 *that calendar 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*
34 *year 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 California Senior Legislature Fund on the*
39 *personal income tax return or the minimum contribution amount*
40 *as adjusted pursuant to subdivision (c).*

1 (c) For each calendar year, beginning with the third calendar
2 year after the first appearance of the California Senior Legislature
3 Fund on the personal income tax return, the Franchise Tax Board
4 shall 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 estimated contribution amount for the calendar
8 year shall be an amount equal to the product of the minimum
9 estimated contribution amount for the calendar year multiplied
10 by the inflation factor adjustment as specified in subparagraph
11 (A) of paragraph (2) of subdivision (h) of Section 17041, rounded
12 off to 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
16 before August 1 of the calendar year pursuant to paragraph (1)
17 of 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.