

Assembly Bill No. 924

CHAPTER 275

An act to add and repeal Article 1 (commencing with Section 18701) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, and to amend Section 18969 of the Welfare and Institutions Code, relating to taxation.

[Approved by Governor September 8, 2015. Filed with
Secretary of State September 8, 2015.]

LEGISLATIVE COUNSEL'S DIGEST

AB 924, Cooley. Personal income tax: voluntary contributions: State Children's Trust Fund.

Existing law allows individual taxpayers to contribute amounts in excess of their personal tax liability for the support of specified funds or accounts and previously allowed contributions to the State Children's Trust Fund, which provides funding for child abuse and neglect prevention and intervention programs.

This bill, for taxable years beginning on or after January 1, 2015, would allow individual taxpayers to contribute amounts in excess of their tax liability to the State Children's Trust Fund. The bill would prohibit a voluntary contribution designation for this fund from being added on the form of the tax return until another designation is removed or space is available, whichever occurs first.

This bill would require moneys in the State Children's Trust Fund from the voluntary contributions, 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 State Department of Social Services for specified uses related to the prevention of child abuse and neglect, as provided.

This bill would provide that these voluntary contribution provisions are inoperative and repealed on the earlier of the following: inoperative on January 1 of the 5th taxable year following the first appearance of the fund on the tax return and repealed on December 1 of that year or inoperative for taxable years beginning on or after January 1 of a specified calendar year in which the Franchise Tax Board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filed in that calendar year will be less than \$250,000, or an adjusted amount for subsequent taxable years, and repealed on December 1 of that calendar year.

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

SECTION 1. Article 1 (commencing with Section 18701) is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

Article 1. State Children's Trust Fund

18701. (a) An individual may designate on the tax return that a contribution in excess of the tax liability, if any, be made to the State Children's Trust Fund established by Section 18969 of the Welfare and Institutions Code.

(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.

(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 "State Children's Trust Fund for the Prevention of Child Abuse" 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 support child abuse prevention programs with demonstrated success, public education efforts to change adult behaviors and educate parents, innovative research to identify best practices, and the replication of those practices to prevent child abuse and neglect.

(f) Notwithstanding any other law, a voluntary contribution designation for the State Children's Trust 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).

18702. 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 18701 to be transferred to the State Children's Trust Fund, as established by Section 18969 of the Welfare and Institutions Code. The Controller shall transfer from the Personal Income Tax Fund to the State Children's Trust

Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18701 for payment into that fund.

18703. All money transferred to the State Children's Trust Fund pursuant to this article, upon appropriation by the Legislature, shall be allocated as follows:

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

(b) Up to 10 percent of all moneys appropriated pursuant to this article, to the State Department of Social Services to pursue public education about child abuse and neglect prevention and early intervention in order to encourage voluntary contributions to the State Children's Trust Fund. The State Department of Social Services may delegate these duties by entering into a contract with a designated private entity that has demonstrated experience in education and promotion.

(c) The remainder to the State Department of Social Services for innovative child abuse and neglect prevention and intervention programs operated by private nonprofit organizations or public institutions of higher education with recognized expertise in fields related to child welfare and for evaluation, research, or dissemination of information concerning existing program models for the purpose of replication of successful models as specified in Article 5 (commencing with Section 18965) of Chapter 11 of Part 6 of Division 9 of the Welfare and Institutions Code.

18704. It is the intent of the Legislature that this article creates an additional source of funding for a specified purpose. The funds generated by this article shall not be used in place of funds from other sources that are available to the State Children's Trust Fund.

18705. (a) Except as otherwise provided in paragraph (2) of subdivision (b), this article shall remain in effect only until January 1 of the fifth taxable year following the first appearance of the State Children's Trust Fund on the personal income tax return, 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 State Children's Trust 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) 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 State Children's Trust 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 State Children's Trust 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.

SEC. 2. Section 18969 of the Welfare and Institutions Code is amended to read:

18969. (a) There is hereby created in the State Treasury a fund which shall be known as the State Children's Trust Fund. The fund shall consist of funds received from a county pursuant to Section 18968, funds collected by the state and transferred to the fund pursuant to subdivision (b) of Section 103625 of the Health and Safety Code and Article 1 (commencing with Section 18701) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, grants, gifts, or bequests made to the state from private sources to be used for innovative and distinctive child abuse and neglect prevention and intervention projects, and money appropriated to the fund for this purpose by the Legislature. The State Registrar may retain a percentage of the fees collected pursuant to Section 103625 of the Health and Safety Code, not to exceed 10 percent, in order to defray the costs of collection.

(b) Money in the State Children's Trust Fund, upon appropriation by the Legislature, shall be allocated to the State Department of Social Services for the purpose of funding child abuse and neglect prevention and intervention programs. The department may not supplant any federal, state,

or county funds with any funds made available through the State Children's Trust Fund.

(c) The department may establish positions as needed for the purpose of implementing and administering child abuse and neglect prevention and intervention programs that are funded by the State Children's Trust Fund. However, the department shall use no more than 5 percent of the funds appropriated pursuant to this section, exclusive of the funds transferred to the State Children's Trust Fund pursuant to Article 1 (commencing with Section 18701) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, for administrative costs. Administrative costs do not include the moneys allocated to the department to pursue public education about child abuse and neglect prevention and early intervention as described in subdivision (b) of Section 18703 of the Revenue and Taxation Code.

(d) No State Children's Trust Fund money shall be used to supplant state General Fund money for any purpose.

(e) It is the intent of the Legislature that the State Children's Trust Fund provide for all of the following:

(1) The development of a public-private partnership by encouraging consistent outreach to the private foundation and corporate community.

(2) Funds for large-scale dissemination of information that will promote public awareness regarding the nature and incidence of child abuse and the availability of services for intervention. These public awareness activities shall include, but not be limited to, the production of public service announcements, well-designed posters, pamphlets, booklets, videos, and other media tools.

(3) Research and demonstration projects that explore the nature and incidence and the development of long-term solutions to the problem of child abuse.

(4) The development of a mechanism to provide ongoing public awareness through activities that will promote the charitable tax deduction for the trust fund and seek continued contributions. These activities may include convening a philanthropic roundtable, developing literature for use by the State Bar of California for dissemination, and whatever other activities are deemed necessary and appropriate to promote the trust fund.