

ASSEMBLY BILL

No. 1789

Introduced by Assembly Member Santiago

February 4, 2016

An act to amend Sections 18897 and 18898 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1789, as introduced, Santiago. Personal income taxes: voluntary contributions: School Supplies for Homeless Children Fund.

Existing law authorizes an individual to contribute amounts in excess of his or her personal income tax liability for the support of specified funds, including the School Supplies for Homeless Children Fund. Existing law requires the moneys deposited in the School Supplies for Homeless Children Fund, upon appropriation by the Legislature, to be allocated to the State Department of Social Services for distribution to a designated nonprofit organization, whose designation is valid until January 1, 2017, for the sole purpose of assisting pupils in California pursuant to the federal McKinney-Vento Homeless Assistance Act, as provided. Existing law provides that this voluntary contribution remain in effect only until January 1 of the 5th taxable year in which the fund appears on the tax return or when the amount of contributions by taxpayers does not meet the minimum contribution amount, whichever occurs first.

This bill would extend the time period for the validity of a nonprofit's designation until January 1, 2021, and would remove the provision that would automatically remove the School Supplies for Homeless Children Fund from the tax return after 5 taxable years, thus allowing the fund

to remain on the personal income tax return until contributions do not meet the minimum contribution amount.

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 18897 of the Revenue and Taxation Code
2 is amended to read:

3 18897. All moneys transferred to the School Supplies for
4 Homeless Children Fund, upon appropriation by the Legislature,
5 shall be allocated as follows:

6 (a) To the Franchise Tax Board, the State Department of Social
7 Services, and the Controller for reimbursement of all costs incurred
8 by the Franchise Tax Board, the Controller, and the State
9 Department of Social Services in connection with their duties under
10 this article.

11 (b) To the State Department of Social Services as follows:

12 (1) For the 2014–15 fiscal year, the Controller shall transfer the
13 funds appropriated to the State Department of Education for this
14 purpose from Budget Items 6110-001-8075 and 6110-101-8075
15 to the State Department of Social Services. Funds transferred may
16 be used for state operations or local assistance expenditures and
17 for distribution to a nonprofit organization exempt from federal
18 income tax as an organization described in Section 501(c)(3) of
19 the Internal Revenue Code for the sole purpose of assisting pupils
20 in California on a statewide basis pursuant to the federal
21 McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11301
22 et seq.) by providing school supplies and health-related products
23 to partnering local education agencies for distribution to homeless
24 children, as defined by the federal McKinney-Vento Homeless
25 Assistance Act (42 U.S.C. Sec. 11434a). The nonprofit organization
26 shall provide a minimum 100 percent match for all funds received
27 from the School Supplies for Homeless Children Fund. If the
28 nonprofit organization provides in-kind materials towards the 100
29 percent match, then the value of the in-kind materials contributing
30 to a 100 percent match shall be verified by the donor donating the
31 in-kind materials and cannot exceed the market value of the
32 materials if sold at retail. The State Department of Social Services

1 shall enter into a subvention services agreement with the nonprofit
2 organization.

3 (2) The State Department of Social Services' first designation
4 of a nonprofit organization shall be valid until January 1, ~~2017~~
5 *2021*. On that date, and every three calendar years thereafter, while
6 this section is operative and in effect, the State Department of
7 Social Services shall designate the same or a different nonprofit
8 organization pursuant to this section. The State Department of
9 Social Services may revoke the designation if the nonprofit
10 organization fails to comply with the provisions of this article. If
11 a designation is revoked, the State Department of Social Services
12 shall designate a new nonprofit organization within three calendar
13 months or as soon as administratively feasible.

14 (3) Funds shall be distributed by the State Department of Social
15 Services only after evidence is presented to the State Department
16 of Social Services that demonstrates that the local education
17 agencies or domestic violence shelters have received the materials
18 described in paragraph (1).

19 (c) (1) Funds distributed to the nonprofit organization pursuant
20 to this section shall be used only for costs incurred to procure,
21 assemble, and ship school supplies and health-related products.
22 Funds made available pursuant to this section shall not be used for
23 administrative purposes, to reimburse costs associated with
24 administering grants of school supplies and health-related products
25 to local education agencies or domestic violence shelters, or for
26 any purpose relating to the operation of the nonprofit organization.

27 (2) The nonprofit organization may provide school supplies and
28 health-related products to children living in domestic violence
29 shelters.

30 (d) The State Department of Social Services shall verify that
31 the designated nonprofit organization procured school supplies
32 and health-related products and provided matching funds or in-kind
33 materials as described in this section.

34 SEC. 2. Section 18898 of the Revenue and Taxation Code is
35 amended to read:

36 ~~18898. (a) Except as otherwise provided in subdivision (b),~~
37 ~~this article shall remain in effect only until January 1 of the fifth~~
38 ~~taxable year following the first appearance of the School Supplies~~
39 ~~for Homeless Children Fund on the personal income tax return,~~
40 ~~and is repealed as of December 1 of that year.~~

1 ~~(b)~~

2 18898. (a) (1) By September 1 of the second calendar year
3 and each subsequent calendar year that the School Supplies for
4 Homeless Children Fund appears on the tax return, the Franchise
5 Tax Board shall do all of the following:

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

10 (B) Provide written notification to the State Department of
11 Social Services of the amount determined in subparagraph (A).

12 (C) Determine whether the amount of contributions estimated
13 to be received during the calendar year will equal or exceed the
14 minimum contribution amount determined by the Franchise Tax
15 Board for the calendar year pursuant to subparagraph (A). The
16 Franchise Tax Board shall estimate the amount of contributions
17 to be received by using the actual amounts received and an estimate
18 of the contributions that will be received by the end of that calendar
19 year.

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

26 (3) For purposes of this section, the minimum contribution
27 amount for a calendar year means two hundred fifty thousand
28 dollars (\$250,000) for the second calendar year after the first
29 appearance of the School Supplies for Homeless Children Fund
30 on the personal income tax return or the adjusted minimum
31 contribution amount adjusted pursuant to subdivision-~~(e)~~ (b).

32 ~~(e)~~

33 (b) For each calendar year, beginning with the third calendar
34 year after the first appearance of the School Supplies for Homeless
35 Children Fund on the personal income tax return, the Franchise
36 Tax Board shall adjust, on or before September 1 of that calendar
37 year, the minimum contribution amount specified in subdivision
38 ~~(b)~~ (a) as follows:

39 (1) The minimum estimated contribution amount for the calendar
40 year shall be an amount equal to the product of the minimum

1 estimated contribution amount for the calendar year multiplied by
2 the inflation factor adjustment as specified in subparagraph (A) of
3 paragraph (2) of subdivision (h) of Section 17041, rounded off to
4 the nearest dollar.

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

10 ~~(d)~~

11 (c) Notwithstanding the repeal of this article, any contribution
12 amounts designated pursuant to this article prior to its repeal shall
13 continue to be transferred and disbursed in accordance with this
14 article as in effect immediately prior to that repeal.

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