

AMENDED IN SENATE AUGUST 9, 2016

AMENDED IN SENATE JUNE 27, 2016

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1789

Introduced by Assembly Member Santiago
(Coauthors: Assembly Members Chiu, Dodd, Cristina Garcia, Kim,
Lackey, McCarty, and ~~Olsen, Olsen~~)
(Coauthor: ~~Senator Block~~)
(Coauthors: Senators Beall, Block, Hertzberg, and Liu)

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 amended, 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 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 authorize the designated nonprofit organization to provide school supplies and health-related products to homeless children and homeless youth residing in or receiving services from specified living centers and would extend the time period for the School Supplies for Homeless Children Fund to appear on the tax return to January 1, 2022, or when the amount of contributions by taxpayers does not meet the minimum contribution amount, whichever occurs first.

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

1 from the School Supplies for Homeless Children Fund. If the
2 nonprofit organization provides in-kind materials towards the 100
3 percent match, then the value of the in-kind materials contributing
4 to a 100 percent match shall be verified by the donor donating the
5 in-kind materials and cannot exceed the market value of the
6 materials if sold at retail. The State Department of Social Services
7 shall enter into a subvention services agreement with the nonprofit
8 organization.

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

20 (3) Funds shall be distributed by the State Department of Social
21 Services only after evidence is presented to the State Department
22 of Social Services that demonstrates that the local education
23 ~~agencies or domestic violence shelters~~ *agencies, domestic violence*
24 *shelters, or eligible basic living centers and transitional living*
25 *centers, as specified in paragraph (3) of subdivision (c),* have
26 received the materials described in paragraph (1).

27 (c) (1) Funds distributed to the nonprofit organization pursuant
28 to this section shall be used only for costs incurred to procure,
29 assemble, and ship school supplies and health-related products.
30 Funds made available pursuant to this section shall not be used for
31 administrative purposes, to reimburse costs associated with
32 administering grants of school supplies and health-related products
33 to local education agencies or domestic violence shelters, or for
34 any purpose relating to the operation of the nonprofit organization.

35 (2) The nonprofit organization may provide school supplies and
36 health-related products to children living in domestic violence
37 shelters.

38 (3) The nonprofit organization may provide school supplies and
39 health-related products to homeless children and homeless youth,
40 as defined in Section 11139.3 of the Government Code, residing

1 *in* or receiving services from eligible basic living centers and
 2 transitional living centers eligible for assistance as specified in the
 3 Runaway and Homeless Youth Act (42 U.S.C. ~~5701~~, *et. 5701 et*
 4 *seq.*), as that act read on January 1, 2015.

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

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

11 18898. (a) Except as otherwise provided in subdivision (b),
 12 this article shall remain in effect only until January 1, 2022, and
 13 is repealed as of December 1 of that year.

14 (b) (1) By September 1 of the second calendar year and each
 15 subsequent calendar year that the School Supplies for Homeless
 16 Children Fund appears on the tax return, the Franchise Tax Board
 17 shall do all of the following:

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

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

24 (C) Determine whether the amount of contributions estimated
 25 to be received during the calendar year will equal or exceed the
 26 minimum contribution amount determined by the Franchise Tax
 27 Board for the calendar year pursuant to subparagraph (A). The
 28 Franchise Tax Board shall estimate the amount of contributions
 29 to be received by using the actual amounts received and an estimate
 30 of the contributions that will be received by the end of that calendar
 31 year.

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

38 (3) For purposes of this section, the minimum contribution
 39 amount for a calendar year means two hundred fifty thousand
 40 dollars (\$250,000) for the second calendar year after the first

1 appearance of the School Supplies for Homeless Children Fund
2 on the personal income tax return or the adjusted minimum
3 contribution amount adjusted pursuant to subdivision (c).

4 (c) For each calendar year, beginning with the third calendar
5 year after the first appearance of the School Supplies for Homeless
6 Children Fund on the personal income tax return, the Franchise
7 Tax Board shall adjust, on or before September 1 of that calendar
8 year, the minimum contribution amount specified in subdivision
9 (b) as follows:

10 (1) The minimum estimated contribution amount for the calendar
11 year shall be an amount equal to the product of the minimum
12 estimated contribution amount for the calendar year multiplied by
13 the inflation factor adjustment as specified in subparagraph (A) of
14 paragraph (2) of subdivision (h) of Section 17041, rounded off to
15 the nearest dollar.

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

21 (d) Notwithstanding the repeal of this article, any contribution
22 amounts designated pursuant to this article prior to its repeal shall
23 continue to be transferred and disbursed in accordance with this
24 article as in effect immediately prior to that repeal.