

AMENDED IN SENATE AUGUST 19, 2016
AMENDED IN ASSEMBLY MAY 12, 2016
AMENDED IN ASSEMBLY MARCH 18, 2016
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2371

Introduced by Assembly Member Frazier

February 18, 2016

An act to add and repeal Article 2 (commencing with Section 18706) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2371, as amended, Frazier. Voluntary contributions: Special Olympics Fund.

Under existing law, taxpayers are allowed to contribute amounts in excess of their personal income tax liability for the support of various funds. Existing law also contains administrative provisions that are generally applicable to voluntary contributions.

This bill would allow a taxpayer to designate an amount in excess of personal income tax liability to be deposited to the Special Olympics Fund, which the bill would create. The bill would require moneys transferred to the Special Olympics Fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax Board and the Controller, as provided, and to the State Department of ~~Developmental~~ *Social Services* for disbursement between the Special Olympics Northern California and the Special Olympics Southern California for the purpose of funding activities of the Special Olympics in support of children and adults with intellectual disabilities, as provided. The bill would authorize

the State Department of ~~Developmental~~ *Social Services* to use up to 3% of the moneys allocated to it for administrative costs. *The bill would require the Special Olympics Northern California and the Special Olympics Southern California to annually provide a report to the State Department of Social Services regarding the expenditure of the moneys disbursed to each organization, as specified.*

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. Article 2 (commencing with Section 18706) is
2 added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and
3 Taxation Code, to read:

4
5 Article 2. Special Olympics Fund

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7 18706. (a) Any individual may designate on the tax return that
8 a contribution in excess of the tax liability, if any, be made to the
9 Special Olympics Fund established by Section 18707 to be used
10 by the Special Olympics Northern California and the Special
11 Olympics Southern California.

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

14 (c) A designation under subdivision (a) shall be made for any
15 taxable year on the original return for that taxable year, and once
16 made shall be irrevocable. If payments and credits reported on the
17 return, together with any other credits associated with the
18 individual’s account, do not exceed the individual’s tax liability,
19 the return shall be treated as though no designation has been made.

20 (d) (1) The Franchise Tax Board shall revise the form of the
21 return to include a space labeled “Special Olympics Fund” to allow
22 for the designation permitted under subdivision (a). The form shall
23 also include in the instructions information that the contribution
24 may be in the amount of one dollar (\$1) or more and that the
25 contribution shall be used to conduct the activities of the Special
26 Olympics Northern California and the Special Olympics Southern
27 California in support of children and adults with intellectual
28 disabilities.

1 (2) Notwithstanding paragraph (1), a voluntary contribution
2 designation for the Special Olympics Fund shall not be added on
3 the tax return until another voluntary contribution designation is
4 removed or space is available, whichever occurs first.

5 (e) A deduction shall be allowed under Article 6 (commencing
6 with Section 17201) of Chapter 3 of Part 10 for any contribution
7 made pursuant to subdivision (a).

8 18707. There is hereby established in the State Treasury the
9 Special Olympics Fund to receive contributions made pursuant to
10 Section 18706. The Franchise Tax Board shall notify the Controller
11 of both the amount of money paid by taxpayers in excess of their
12 tax liability and the amount of refund money that taxpayers have
13 designated pursuant to Section 18706 to be transferred to the
14 Special Olympics Fund. The Controller shall transfer from the
15 Personal Income Tax Fund to the Special Olympics Fund an
16 amount not in excess of the sum of the amounts designated by
17 individuals pursuant to Section 18706 for payment into that fund.

18 18708. All moneys transferred to the Special Olympics Fund
19 pursuant to Section 18707, upon appropriation by the Legislature,
20 shall be allocated as follows:

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

24 (b) To the State Department of ~~Developmental~~ *Social Services*
25 where the balance shall be disbursed between the Special Olympics
26 Northern California and *the* Special Olympics Southern California
27 based on the amount of donations provided by taxpayers in each
28 organization's jurisdiction based on the county of the taxpayer
29 contributing, for the purpose of supporting children and adults
30 with intellectual disabilities. The State Department of
31 ~~Developmental~~ *Social Services* shall be responsible for overseeing
32 that disbursement and may use up to 3 percent of the moneys
33 allocated to it for administrative costs. The Special Olympics
34 Northern California and the Special Olympics Southern California
35 shall not use the moneys received pursuant to this article for
36 administrative costs.

37 (c) *The Special Olympics Northern California and the Special*
38 *Olympics Southern California shall annually provide a report to*
39 *the State Department of Social Services that includes*
40 *documentation that the moneys disbursed to each organization*

1 *pursuant to this section were not used for administrative costs nor*
2 *for any purposes outside of California and that describes in*
3 *narrative form the amount of moneys received pursuant to this*
4 *section and the purposes for which the moneys were expended.*

5 18709. (a) Except as otherwise provided in paragraph (2) of
6 subdivision (b), this article shall remain in effect only until January
7 1 of the fifth taxable year following the first appearance of the
8 Special Olympics Fund on the personal income tax return, and is
9 repealed as of December 1 of that year.

10 (b) (1) By September 1 of the second calendar year and each
11 subsequent calendar year that the Special Olympics Fund appears
12 on the tax return, the Franchise Tax Board shall do both of the
13 following:

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

18 (B) Determine whether the amount of contributions estimated
19 to be received during the calendar year will equal or exceed the
20 minimum contribution amount determined by the Franchise Tax
21 Board for the calendar year pursuant to subparagraph (A). The
22 Franchise Tax Board shall estimate the amount of contributions
23 to be received by using the actual amounts received and an estimate
24 of the contributions that will be received by the end of that calendar
25 year.

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

32 (3) For purposes of this section, the minimum contribution
33 amount for a calendar year means two hundred fifty thousand
34 dollars (\$250,000) for the second calendar year after the first
35 appearance of the Special Olympics Fund on the personal income
36 tax return or the minimum contribution amount as adjusted
37 pursuant to subdivision (c).

38 (c) For each calendar year, beginning with the third calendar
39 year after the first appearance of the Special Olympics Fund on
40 the personal income tax return, the Franchise Tax Board shall

1 adjust, on or before September 1 of that calendar year, the
2 minimum contribution amount specified in subdivision (b) as
3 follows:

4 (1) The minimum contribution amount for the calendar year
5 shall be an amount equal to the product of the minimum
6 contribution amount for the prior calendar year multiplied by the
7 inflation factor adjustment as specified in subparagraph (A) of
8 paragraph (2) of subdivision (h) of Section 17041, rounded off to
9 the nearest dollar.

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

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