

AMENDED IN ASSEMBLY APRIL 27, 2016

AMENDED IN ASSEMBLY APRIL 13, 2016

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2430

Introduced by Assembly Member Beth Gaines

February 19, 2016

An act to add and repeal Article 7.5 (commencing with Section 18781) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2430, as amended, Beth Gaines. Voluntary contributions: Type 1 Diabetes Research 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 Type 1 Diabetes Research Fund, which the bill would create. The bill would require moneys transferred to the Type 1 Diabetes Research Fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax Board and the Controller, as provided, and to ~~an~~ *the University of California for distribution of grants to* authorized diabetes research ~~organization~~, *organizations*, as defined, for the purpose of type 1 diabetes research, 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. Article 7.5 (commencing with Section 18781) 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 7.5. Type 1 Diabetes Research Fund
6

7 18781. (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 Type 1 Diabetes Research Fund established by Section 18782.

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

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

18 (d) (1) The Franchise Tax Board shall revise the form of the
19 return to include a space ~~labeled “Type 1 Diabetes~~ *labeled “Type 1 Diabetes*
20 *Research Fund”* to allow for the designation permitted under
21 subdivision (a). The form shall also include in the instructions
22 information that the contribution may be in the amount of one
23 dollar (\$1) or more and that the contribution shall be used to
24 conduct the activities of an authorized diabetes research
25 organization.

26 (2) Notwithstanding any other law, a voluntary contribution
27 designation for the Type 1 Diabetes Research Fund shall not be
28 added on the tax return until another voluntary contribution
29 designation is removed or space is available, whichever occurs
30 first.

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

34 18781.5. For purposes of this article:

35 (a) An “authorized diabetes research organization” means either:

1 (1) A university, located within the state, with a research
2 program.

3 (2) A nonprofit charitable organization exempt from federal
4 income tax as an organization described in Section 501(c)(3) of
5 the Internal Revenue Code that engages in research.

6 (b) “Research” shall include, but not be limited to, expenditures
7 to develop and advance the understanding, techniques, and
8 modalities effective in the cure, screening, and treatment of type
9 1 diabetes.

10 18782. There is hereby established in the State Treasury the
11 Type 1 Diabetes Research Fund to receive contributions made
12 pursuant to Section 18781. The Franchise Tax Board shall notify
13 the Controller of both the amount of money paid by taxpayers in
14 excess of their tax liability and the amount of refund money that
15 taxpayers have designated pursuant to Section 18781 to be
16 transferred to the Type 1 Diabetes Research Fund. The Controller
17 shall transfer from the Personal Income Tax Fund to the Type 1
18 Diabetes Research Fund an amount not in excess of the sum of the
19 amounts designated by individuals pursuant to Section 18781 for
20 payment into that fund.

21 18783. All moneys transferred to the Type 1 Diabetes Research
22 Fund pursuant to Section 18782, upon appropriation by the
23 Legislature, shall be allocated as follows:

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

27 ~~(b) The balance to an authorized diabetes research organization
28 for the purpose of type 1 diabetes research. The authorized diabetes
29 research organization may use up to 5 percent of the moneys
30 allocated to it for administering and promoting the research.~~

31 *(b) (1) To the University of California for distribution of grants
32 to authorized diabetes research organizations for the purposes of
33 conducting research on type 1 diabetes. The University of
34 California may use up to 5 percent of the moneys allocated to it
35 for administrative costs.*

36 *(2) An authorized diabetes research organization that receives
37 a grant pursuant to this section may use up to 5 percent of the
38 grant moneys for administrative costs.*

39 18784. (a) Except as otherwise provided in paragraph (2) of
40 subdivision (b), this article shall remain in effect only until January

1 1 of the fifth taxable year following the first appearance of the
2 Type 1 Diabetes Research Fund on the personal income tax return,
3 and is repealed as of December 1 of that year.

4 (b) (1) By September 1 of the second calendar year and each
5 subsequent calendar year that the Type 1 Diabetes Research Fund
6 appears on the tax return, the Franchise Tax Board shall do both
7 of the following:

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

12 (B) 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 Type 1 Diabetes Research Fund on the personal
30 income tax return or the minimum contribution amount as adjusted
31 pursuant to subdivision (c).

32 (c) For each calendar year, beginning with the third calendar
33 year after the first appearance of the Type 1 Diabetes Research
34 Fund on the personal income tax return, the Franchise Tax Board
35 shall adjust, on or before September 1 of that calendar year, the
36 minimum contribution amount specified in subdivision (b) as
37 follows:

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

1 inflation factor adjustment as specified in subparagraph (A) of
2 paragraph (2) of subdivision (h) of Section 17041, rounded off to
3 the nearest dollar.

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

O