

**State of California**

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**Legislative Change No. 05-03**  
Bill Number: AB 357 Author: Horton Chapter Number: 05-143

Laws Affecting Franchise Tax Board: Revenue and Taxation Code Sections 18825, 18826, 18827, 18828, 18829, and 18830

Date Filed with the Secretary of the State: August 30, 2005

**SUBJECT:** Veterans' Quality of Life Fund

This legislative change discusses only the laws that impact the Franchise Tax Board (FTB).

**Assembly Bill 357 (Horton), as enacted on August 30, 2005, made the following changes to California law:**

Section 18825 of the Revenue and Taxation Code is added.

This act allows taxpayers to designate their own money, not tax liability, to the Veterans' Quality of Life Fund ("fund"). The contributions would be made in full dollar amounts. Each signatory on a joint return may make the contributions individually. The designations for any taxable year must be made on the initial return for the taxable year and, once made, are irrevocable. If an individual designates to more than one fund and an insufficient amount is available to satisfy the total amount designated, the contribution will be allocated among the designees on a pro rata basis. A deduction will be allowed for any contribution made.

This act requires the Franchise Tax Board (FTB) to include a designation space for the fund on the individual tax return.

This act specifies that the Veterans' Quality of Life Fund designation may not be added to the income tax return until another voluntary contribution designation is removed.

Section 18826 of the Revenue and Taxation Code is added.

This act requires the transfer of contributions made pursuant to this act be deposited in the Veterans' Quality of Life Fund in the State Treasury established under the Military and Veterans Code.

Section 18827 of the Revenue and Taxation Code is added.

This act requires FTB to notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money taxpayers designated to the fund.

The Controller is required to transfer from the Personal Income Tax Fund to the fund an amount not in excess of the amounts reported by FTB.

Bureau Director

Jana Howard for Brian Putler

Date

11/16/05

Section 18828 of the Revenue and Taxation Code is added.

This act requires that all money transferred to the fund be allocated, upon appropriation by the Legislature, first to FTB and the Controller for reimbursement of costs incurred performing their duties related to the fund. The remaining money is then allocated to the Department of Veterans Affairs for allocation to the administrators of veterans' homes. Moneys allocated pursuant to this act shall be proportionately distributed to the Morale, Welfare, and Recreation Fund of each veteran's home pursuant to the Military and Veterans Code.

This act specifies that appropriations from the General Fund for Morale, Welfare, and Recreation Funds cannot be reduced for the purpose or have the effect of increasing expenditures for funding the purposes described above.

Section 18829 of the Revenue and Taxation Code is added.

The Legislature intends that this act create an additional funding source for veterans' homes and shall be used to supplement, not supplant, other funding sources used for veterans' homes.

Section 18830 of the Revenue and Taxation Code is added.

This act specifies that the provisions authorizing the fund shall remain in effect until January 1 of the fifth taxable year following the first appearance of the Veterans' Quality of Life Fund on the return. As of that date, the act will be repealed unless a later enacted statute, enacted prior to the applicable date, deletes or extends that date.

If FTB estimates in the second calendar year after the fund first appears on the return that contributions made to the fund on returns filed in that calendar year will be less than \$250,000 for the taxable year, or the adjusted amount for subsequent years, this article is repealed for taxable years beginning on or after January 1 of that calendar year. FTB is required to estimate the annual contribution amount by September 1 of each year using actual amounts contributed and an estimated contribution amount for the remainder of the year.

For each calendar year beginning with the third calendar year, the minimum estimated contribution amount for the calendar year is adjusted for inflation based on the figures for the percentage change in the California Consumer Price Index received on or before August 1<sup>st</sup> of the calendar year.

This act is effective January 1, 2006.

This act will not require any reports by the department to the Legislature.