

**State of California**

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<b>Legislative Change No.</b>	<b>08-13</b>	
Bill Number: <u>SB 1502</u>	Author: <u>Steinberg</u>	Chapter Number: <u>08-354</u>
Laws Affecting Franchise Tax Board:	<u>Sections 18881, 18882, 18883, 18884, 18885 and 18886 of the Revenue and Taxation Code</u>	
Date Filed with the Secretary of State:	<u>September 26, 2008</u>	

SUBJECT: ALS/Lou Gehrig's Disease Research Fund

**Senate Bill 1502 (Steinberg), as enacted on September 26, 2008, made the following changes to laws impacting the Franchise Tax Board (FTB):**

Section 18881 of the Revenue and Taxation Code is added.

This act provides language declaring the Legislature's intent to establish a systematic program to conduct research regarding the cause, cure, and prevention of amyotrophic lateral sclerosis (ALS). The program awards grants to eligible physicians, hospitals, laboratories, educational institutions, and other organization and persons for the purpose of enabling organizations and persons to conduct research.

Section 18882 of the Revenue and Taxation Code is added.

This act allows taxpayers to designate their own money, not tax liability, to the ALS/Lou Gehrig's Disease Research 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 individual 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 specifies that the fund designation may be added to the income tax return when another voluntary contribution designation is removed. This act requires the FTB to include a designation space for the fund on the individual tax return. The fund will first appear on the 2008 income tax return filed in 2009 and will last appear on the 2012 income tax return filed in 2013, unless it fails to meet the minimum contribution amount or a later enacted statute deletes or extends that date.

Section 18883 of the Revenue and Taxation Code is added.

This act establishes the ALS/Lou Gehrig's Disease Research Fund in the State Treasury to receive contributions made pursuant to this act.

Assistant Bureau Director  
Patrice Gau-Johnson

Date  
10/14/08

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 have 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.

Section 18884 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 State department of Public Health for allocation to the Amyotrophic Lateral Sclerosis Association (Association) to provide research grants to develop and advance the understanding, techniques, and modalities effective in the prevention, treatment, and care of ALS. The act prohibits any use of the funds other than grants and specifically prohibits the Association from using any of the funds for administrative costs, reimbursement of expenses, or any purpose related to the Association's operations.

Section 18885 of the Revenue and Taxation Code is added.

This act provides a definition of "research".

Section 18886 of the Revenue and Taxation Code is added.

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. The 2008 tax year is the first year this fund will appear on the personal income tax return.

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 and is required to provide that information to the State Department of Public Health.

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 of the calendar year.

This act specifies that the provisions authorizing the fund shall remain in effect until January 1, 2013, and is repealed unless a later statute deletes or extends that date.

This act is effective on January 1, 2009, and operative as of that date.

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