

State of California

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Legislative Change No. 10-10
Bill Number: AB 658 Author: Hayashi, et al. Chapter Number: **10-346**

Laws Affecting Franchise Tax Board: Sections 18856, 18856.1, 18856.2, and 18856.3 of the Revenue and Taxation Code

Date Filed with the Secretary of State: September 27, 2010

SUBJECT: California Police Activities League (CALPAL) Fund

Assembly Bill 658 (Hayashi, et al.), as enacted on September 25, 2010, made the following changes to laws impacting the Franchise Tax Board:

Section 18856 of the Revenue and Taxation Code is added.

This act allows taxpayers to designate their own money, not tax liability, to the California Police Activities League (CALPAL) 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 CALPAL fund designation may be added to the income tax return when another voluntary contribution designation is removed. This act requires the Franchise Tax Board (FTB) to include a designation space for the CALPAL fund on the individual tax return.

Section 18856.1 of the Revenue and Taxation Code is added.

This act establishes the CALPAL Fund in the State Treasury to receive contributions made pursuant to this act.

This act requires the 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 CALPAL fund.

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

Assistant Bureau Director
Patrice Gau-Johnson

Date
10/25/10

Section 18856.2 of the Revenue and Taxation Code is added.

This act requires that all money transferred to the CALPAL fund be allocated, upon appropriation by the Legislature, first to the FTB and the Controller for reimbursement of costs incurred performing their duties related to the fund. The remaining money is then allocated to the CALPAL's various local area chapters based on a table published annually by the FTB that will show the contributions to the CALPAL fund by zip code. The table is currently available on the FTB's public Web site under the voluntary contribution pages.

If three or fewer taxpayers from one zip code donate to the CALPAL Fund, the FTB is unable to report these donations on the table showing contributions by zip code because they are less than the minimum threshold for federal reporting requirements for security and disclosure. Any funds donated by three or fewer taxpayers in one zip code will be allocated to the CALPAL to fund statewide CALPAL activities.

Section 18856.3 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 CALPAL Fund on the return. As of that date, the act will be repealed unless a later statute, enacted prior to the applicable date, deletes or extends that date. The CALPAL fund will first appear on the 2010 income tax return filed in 2011 and will last appear on the 2014 income tax return filed in 2015, unless it fails to meet the minimum contribution amount or a later enacted statute deletes or extends that date.

If the 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 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 of the calendar year.

This act is effective on January 1, 2011, and operative as of that date.

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