

# State of California

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## Legislative Change No.

**00-32**

Bill Number: SB 1932

Author: Solis

Chapter Number: 00-818

Laws Affecting Franchise Tax Board:

Revenue and Taxation Code Sections 18831, 18832, 18833, 18834, and 18835 are added.

Date Filed with the Secretary of the State: September 28, 2000

### **SUBJECT: California Lung Disease and Asthma Research Fund**

Senate Bill 1932 (Solis), as enacted on September 28, 2000, made the following changes to California law:

#### **Section 18831 of the Revenue and Taxation Code is added.**

Under the Administration of Franchise and Income Tax (AFITL), this act allows individual taxpayers to designate their own funds (not tax liability) for contribution to the California Lung Disease and Asthma Research Fund on their tax returns in full dollar amounts of \$1 or more. The contributions may be made individually by each signatory on a joint return. The designations for any taxable year must be made on the initial return for the taxable year and, once made, are irrevocable.

This act requires the Franchise Tax Board (FTB) to state in the accompanying tax information booklet that the contributions would be used for lung disease and asthma research.

This act provides that a taxpayer's return be treated as if no designation has been made if payments and credits reported on the return, together with any other credits associated with the taxpayer's account, do not exceed the taxpayer's liability. If no designee is specified, a designated contribution amount would be transferred to the General Fund.

This act specifies that the California Lung Disease and Asthma Research Fund cannot be added on the tax return until another voluntary contribution designation is removed from the return.

This act specifies that a deduction is allowed for the amount of any contribution made under this act.

#### **Section 18832 of the Revenue and Taxation Code is added.**

Under the AFITL, this act establishes the California Lung Disease and Asthma Research Fund and requires the Controller to transfer from the Personal Income Tax Fund to the California Lung Disease and Asthma Research Fund the total amount designated for contribution by taxpayers to that fund.

Bureau Director

Johnnie Lou Rosas

Date

October 16, 2000

**Section 18833 of the Revenue and Taxation Code is added.**

Under the AFITL, this act, upon appropriation by the Legislature, specifies the allocation of all money transferred to the fund to the FTB and the Controller for actual costs incurred in connection with their duties under this act; and to the State Department of Health Services for allocation to the American Lung Association of California to provide medical research grants to develop and advance the understanding, causes, techniques, and modalities effective in the prevention, care, treatment, and cure of lung disease. The lung diseases and research areas shall include, but not be limited to asthma, health effects of air pollution, tuberculosis, chronic obstructive pulmonary disease, and emphysema. The moneys contributed to the fund may not be used for the administrative costs of the State Department of Health Services.

**Section 18834 of the Revenue and Taxation Code is added.**

Under the AFITL, this act specifies that this contribution designation creates an additional funding source for lung disease and asthma research and that these funds must be used to supplement, not replace, other funding sources for this research.

**Section 18835 of the Revenue and Taxation Code is added.**

Under the AFITL, this act specifies that the fund will remain in effect for four years following the first appearance of the contribution designation on the tax return, unless a later enacted statute deletes or extends that date.

This act specifies that if, by September 1 of in any calendar year, the fund fails to meet the \$250,000 minimum contribution test, the fund would be repealed for subsequent taxable years. Beginning in the second calendar year the fund appears on returns, the FTB would be required to adjust the \$250,000 minimum contribution amount for inflation.

This act is effective and operative beginning January 1, 2001.

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