

**STATE OF CALIFORNIA  
FINANCE LETTER - COVER SHEET  
FOR FISCAL YEAR 2011/12  
DF-46 (REV 04/08)**

*Please report dollars in thousands.*

Department of Finance  
915 L Street  
Sacramento, CA 95814  
IMS Mail Code: A-15

FL # 3	PRIORITY NO	ORG CODE 1730	DEPARTMENT Franchise Tax Board
PROGRAM Tax Programs	ELEMENT All Tax Programs	COMPONENT	

**TITLE OF PROPOSED CHANGE:**

Voluntary Contribution Funds

**SUMMARY OF PROPOSED CHANGE:**

This proposal requests removing four voluntary contribution funding codes while adding four new funding codes. The Franchise Tax Board (FTB) is mandated under provisions to provide these additional voluntary contribution options on the personal income tax form for tax year 2010.

REQUIRES LEGISLATION <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	CODE SECTION(S) TO BE AMENDED/ADDED	BUDGET IMPACT-PROVIDE LIST AND MARK IF APPLICABLE <input type="checkbox"/> ONE-TIME COST <input type="checkbox"/> FULL-YEAR COSTS <input type="checkbox"/> FACILITIES/CAPITAL COSTS <input type="checkbox"/> FUTURE SAVINGS <input type="checkbox"/> REVENUE
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PREPARED BY:	DATE	REVIEWED BY:	DATE
<b>Pending Board Approval</b>			
FTB PROGRAM APPROVAL:			
DEPARTMENT DIRECTOR:		AGENCY SUPERVISOR:	DATE

DOES THIS FL CONTAIN INFORMATION TECHNOLOGY (IT) COMPONENTS? YES  OR NO   
IF YES, DEPARTMENTAL CHIEF INFORMATION SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

FOR IT REQUESTS, SPECIFY THE DATE A SPECIAL PROJECT REPORT (SPR) OR FEASIBILITY STUDY REPORT (FSR) WAS APPROVED BY THE OFFICE OF THE CHIEF INFORMATION OFFICER (OCIO), OR PREVIOUSLY BY THE DEPARTMENT OF FINANCE.

DATE \_\_\_\_\_ PROJECT # \_\_\_\_\_ FSR  OR \_\_\_\_\_ SPR

IF PROPOSAL AFFECTS ANOTHER DEPARTMENT, DOES OTHER DEPARTMENT CONCUR WITH PROPOSAL? \_\_\_\_\_ N/A

YES  NO  
ATTACH COMMENTS OF AFFECTED DEPARTMENT SIGNED AND DATED BY THE DEPARTMENT DIRECTOR OR DESIGNEE.

**DEPARTMENT OF FINANCE ANALYST USE (ADDITIONAL REVIEW)**

CAPITAL OUTLAY  ITCU  FSCU  OSAE  CALSTARS  OCIO

DATE SUBMITTED TO THE LEGISLATURE: \_\_\_\_\_ PPBA: \_\_\_\_\_

FL #3	DATE	Title of Proposed Change:					
	02/11/2011	Voluntary Contribution Funds					
PROGRAM	ELEMENT	COMPONENT					
Tax Programs	All Tax Programs						
		Personnel Years			2010/11	2011/12	2012/13
		2010/11	2011/12	2012/13	2010/11	2011/12	2012/13
<b>Total Salaries &amp; Wages <u>a/</u></b>		.0	.0	.0	\$ 0	\$ 0	\$ 0
Salary Savings		.0	.0	.0	\$ 0	\$ 0	\$ 0
<b>Net Total Salaries and Wages</b>		.0	.0	.0	\$ 0	\$ 0	\$ 0
Staff Benefits <u>b/</u>					\$ 0	\$ 0	\$ 0
<b>Total Personal Services</b>					\$ 0	\$ 0	\$ 0
<b>Operating Expenses and Equipment</b>							
General Expenses					\$ 0	\$ 0	\$ 0
Printing					0	0	0
Communications					0	0	0
Postage					0	0	0
Travel-In-State					0	0	0
Travel Out-of-State					0	0	0
Training					0	0	0
Facilities Operations					0	0	0
Utilities					0	0	0
Cons & Prof Svs - Interdept'l					0	0	0
Cons & Prof Svs - External					0	0	0
Consolidated Data Center					0	0	0
California Health and Human Services Agency Data Center					( )	( )	( )
Stephen P. Teale Data Center					( )	( )	( )
Data Processing					0	0	0
Equipment					0	0	0
Other Items of Exp (Specify Below)					0	0	0
<b>Total Operating Expense &amp; Equipment</b>					\$ 0	\$ 0	\$ 0

a/ Itemized detail on Page II-3 by classification as in Salaries and Wages Supplement.

b/ Detail provided on following pages.

				<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
<b>TOTAL OPERATING EXPENSES AND EQUIPMENT</b>				\$ 0	\$ 0	\$ 0
SPECIAL ITEMS OF EXPENSE <u>d/</u>				\$ 0	\$ 0	\$ 0
<b>PROGRAM ADMINISTRATION</b>				\$ 0	\$ 0	\$ 0
<b>Distributed Admin</b>				\$ 0	\$ 0	\$ 0
<b>TOTAL STATE OPERATIONS EXPENDITURES</b>				\$ 0	\$ 0	\$ 0
<b><u>Source of Funds</u></b>						
		<b><u>Appropriation No.</u></b>				
	Org	-	Ref	-	Fund	
ALS/Lou Gehrig's Disease Research Fund	1730		001		8053	0      -6,000      0
California Military Family Relief Fund	1730		001		8022	0      -6,000      0
Municipal Shelter Spay-Neuter Fund	1730		001		8055	0      -6,000      0
California Ovarian Cancer Research Fund	1730		001		8056	0      -6,000      0
Arts Council Fund	1730		001		8064	0      6,000      0
California Police Activities League Fund	1730		001		8066	0      6,000      0
California Veterans Home	1730		001		8067	0      6,000      0
Safely Surrendered Baby	1730		001		8065	0      6,000      0
<b>Totals</b>						<u>\$ 0      \$ 0      \$ 0</u>
<b>LOCAL ASSISTANCE</b>				\$( 0)	\$( 0)	\$( 0)
<b><u>Source of Funds</u></b>						
		<b><u>Appropriation No.</u></b>				
	Org	-	Ref	-	Fund	
General Fund	1730		001		0001	\$ 0      \$ 0      \$ 0
						0      0      0
						0      0      0
						0      0      0
						0      0      0
Reimbursements						0      0      0
<b>Totals</b>						<u>\$ 0      \$ 0      \$ 0</u>

d/ Special Items of expense must be titled. Please refer to the Uniform Codes Manual for a list of the standardized Special Items of expense objects which may be used.

**DETAIL OF STAFF BENEFITS  
AND PERSONAL SERVICES**

<b>Positions</b>	<u>Positions</u>		<u>Salary Range</u>	<u>Amount</u>		
	<u>CY</u>	<u>BY</u> <u>BY + 1</u>		<u>CY</u>	<u>BY</u>	<u>BY + 1</u>

**Schedule of Staff Benefits Costs  
FOR FISCAL YEAR 2011/12**

**Staff Benefits**

	2010/11	2011/12	2012/13
OASDI /1	\$ 0	\$ 0	\$ 0
Dental /2	0	0	0
Health /3	0	0	0
Retirement /4	0	0	0
Vision /5	0	0	0
Medicare /6	0	0	0
Worker's Comp /7	0	0	0
Industrial Disability /8	0	0	0
Non Industrial Disability /9	0	0	0
Unemployment Insurance /10	0	0	0
<b>Total Staff Benefits</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

- 1/ For permanent and overtime, 6.2% of net salary.
- 2/ For permanent, \$539 per net personnel year.
- 3/ For permanent, \$8,007 per net personnel year.
- 4/ For permanent, 16.917% of net salary.
- 5/ For permanent, \$110 per net personnel year.
- 6/ 1.45% of net salary for permanent.
- 7/ 0.58% of net salary for permanent.
- 8/ 0.06% of net salary for permanent.
- 9/ 0.06% of net salary for permanent.
- 10/ 8.95% of net salary for temporary help.

**FRANCHISE TAX BOARD  
Fiscal Year 2011/12**

**Finance Letter**

**FL No: 3**

**Voluntary Contribution Funds**

**Date: February 11, 2011**

**A. NATURE OF REQUEST**

This proposal requests removing four voluntary contribution funding codes while adding four new funding codes. The following voluntary contribution funding codes are being removed because they did not meet the minimum contribution requirement amounts:

- ALS/Lou Gehrig's Disease Research Fund
- California Military Family Relief Fund
- California Ovarian Cancer Fund
- Municipal Shelter Spay and Neuter Fund

The new voluntary contribution funding codes added to the 2010 tax return include:

- Arts Council Fund
  - Senate Bill 1076 – Stats. 2010, Chapter 319
  - Enacted September 27, 2010
- California Police Activities League (CALPAL) Fund
  - Assembly Bill 658 – Stats. 2010, Chapter 346
  - Enacted September 25, 2010
- California Veterans Home Fund
  - Assembly Bill 1088 – Stats. 2010, Chapter 355
  - Enacted September 25, 2010
- Safely Surrendered Baby Fund
  - Assembly Bill 1983 – Stats. 2010, Chapter 587
  - Enacted September 30, 2010

The Franchise Tax Board (FTB) is mandated under these provisions to provide these additional voluntary contribution options on the personal income tax form for tax year 2010.

**B. BACKGROUND/HISTORY**

Current state law allows taxpayers to contribute amounts in excess of their tax liability to various voluntary contribution funds listed on the state tax return by checking a box on their California income tax return. Each fund provides for the reimbursement of the FTB and State Controller's costs to administer the fund<sup>1</sup>.

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<sup>1</sup> FTB administrative costs for each contribution fund is based on the amounts contributed to each fund, up to the \$6,000 maximum limit established.

Four voluntary contribution funds are being removed from the tax return because they failed to reach the minimum level of \$250,000 in contributions.

The four new voluntary contribution funds require FTB to revise the 2010 personal income tax return form to include these choices. Designations to the accounts in the form of the check-off feature will be allowed on the 2010 tax return (filed in 2011) and will last appear on the 2014 tax return (filed in 2015) unless another statute extends the sunset date or the estimated contributions are less than \$250,000 after the first taxable year. If the annual contributions equate to less than \$250,000, the law authorizing designations for these funds is repealed.

### **C. STATE LEVEL CONSIDERATIONS**

This proposal will allow FTB to fulfill the legislative requirement to support the collection and administration of these funds.

### **D. FACILITY/CAPITAL OUTLAY CONSIDERATIONS**

There is no impact to facilities as a result of this proposal.

### **E. JUSTIFICATION**

Money raised as a result of the check-off feature for the various funds will be used for the following purpose:

- Arts Council Fund will be used for allocation of grants to individuals or organizations administering arts programs pursuant to subdivision (o) of Section 8753 of the Government Code.
- California Police Activities League (CALPAL) Fund will be used exclusively to fund programs and services of the CALPAL.
- California Veterans Home Fund will be allocated to the administrators of veterans homes. Moneys allocated pursuant to this subdivision shall be distributed proportionally to the Morale, Welfare, and Recreation Fund of each veterans' home pursuant to Section 1047 of the Military and Veterans Code.
- Safely Surrendered Baby Fund will be used for programs to increase public awareness and outreach regarding the Safely Surrendered Baby Law, including, but not limited to, public service announcements in English and Spanish, safe-surrender hotlines, a State Department of Social Services Internet Web site with a comprehensive list of safe-surrender sites, education, and training for communities and schools.

## **F. OUTCOMES AND ACCOUNTABILITY**

It is the responsibility of FTB, in partnership with the State Controller, to administer these funds. The management of the receipts falls within the responsibilities of the Accounting Officer who ultimately reports to the Chief Financial Officer.

## **G. ANALYSIS OF ALL FEASIBLE ALTERNATIVES**

### **Alternative #1 – Remove four old voluntary contribution funding codes and replace with four new funding codes.**

Removing the four old voluntary contribution funding codes and replacing with the four new voluntary contribution funding codes will ensure the contributions are placed in the correct fund. This proposal will allow FTB to fulfill the legislative requirement to support the collection and administration of these funds.

### **Alternative #2 – Do nothing.**

This approach fails to comply with Revenue & Taxation Code Sections 18892, 18856.1, 18811, and 18888 for these funds to be established in the State Treasury to receive contributions made pursuant to these acts.

## **H. TIMETABLE**

The new voluntary contribution funds have already been included on the 2010 Tax Return. Completing the funding shift by July 1, 2011 will allow the contributions received via 2010 tax returns to be placed in the correct fund.

## **I. RECOMMENDATION**

Alternative #1 is recommended.