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**AB-2371 Voluntary contributions: Special Olympics Fund.** (2015-2016)

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**Assembly Bill No. 2371**

**CHAPTER 465**

An act to add and repeal Article 2 (commencing with Section 18706) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

[ Approved by Governor September 22, 2016. Filed with Secretary of State September 22, 2016. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 2371, Frazier. Voluntary contributions: Special Olympics Fund.

Under existing law, taxpayers are allowed to contribute amounts in excess of their personal income tax liability for the support of various funds. Existing law also contains administrative provisions that are generally applicable to voluntary contributions.

This bill would allow a taxpayer to designate an amount in excess of personal income tax liability to be deposited to the Special Olympics Fund, which the bill would create. The bill would require moneys transferred to the Special Olympics Fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax Board and the Controller, as provided, and to the State Department of Social Services for disbursement to the Special Olympics Northern California and the Special Olympics Southern California for the purpose of funding activities of the Special Olympics in support of children and adults with intellectual disabilities, as provided. The bill would authorize the State Department of Social Services to use up to 3% of the moneys allocated to it for administrative costs. The bill would require the Special Olympics Northern California and the Special Olympics Southern California to annually provide a report to the State Department of Social Services regarding the expenditure of the moneys disbursed to each organization, as specified.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Article 2 (commencing with Section 18706) is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

**Article 2. Special Olympics Fund**

**18706.** (a) Any individual may designate on the tax return that a contribution in excess of the tax liability, if any, be made to the Special Olympics Fund established by Section 18707 to be used by the Special Olympics Northern California and the Special Olympics Southern California.

(b) The contribution shall be in full dollar amounts and may be made individually by each signatory on the joint return.

(c) A designation under subdivision (a) shall be made for any taxable year on the original return for that taxable year, and once made shall be irrevocable. If payments and credits reported on the return, together with any other credits associated with the individual's account, do not exceed the individual's tax liability, the return shall be treated as though no designation has been made.

(d) (1) The Franchise Tax Board shall revise the form of the return to include a space labeled "Special Olympics Fund" to allow for the designation permitted under subdivision (a). The form shall also include in the instructions information that the contribution may be in the amount of one dollar (\$1) or more and that the contribution shall be used to conduct the activities of the Special Olympics Northern California and the Special Olympics Southern California in support of children and adults with intellectual disabilities.

(2) Notwithstanding paragraph (1), a voluntary contribution designation for the Special Olympics Fund shall not be added on the tax return until another voluntary contribution designation is removed or space is available, whichever occurs first.

(e) A deduction shall be allowed under Article 6 (commencing with Section 17201) of Chapter 3 of Part 10 for any contribution made pursuant to subdivision (a).

**18707.** There is hereby established in the State Treasury the Special Olympics Fund to receive contributions made pursuant to Section 18706. The Franchise Tax Board shall notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money that taxpayers have designated pursuant to Section 18706 to be transferred to the Special Olympics Fund. The Controller shall transfer from the Personal Income Tax Fund to the Special Olympics Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18706 for payment into that fund.

**18708.** All moneys transferred to the Special Olympics Fund pursuant to Section 18707, upon appropriation by the Legislature, shall be allocated as follows:

(a) To the Franchise Tax Board and the Controller for reimbursement of all costs incurred by the Franchise Tax Board and the Controller in connection with their duties under this article.

(b) To the State Department of Social Services where the balance shall be disbursed between the Special Olympics Northern California and the Special Olympics Southern California based on the amount of donations provided by taxpayers in each organization's jurisdiction based on the county of the taxpayer contributing, for the purpose of supporting children and adults with intellectual disabilities. The State Department of Social Services shall be responsible for overseeing that disbursement and may use up to 3 percent of the moneys allocated to it for administrative costs. The Special Olympics Northern California and the Special Olympics Southern California shall not use the moneys received pursuant to this article for administrative costs.

(c) The Special Olympics Northern California and the Special Olympics Southern California shall annually provide a report to the State Department of Social Services that includes documentation that the moneys disbursed to each organization pursuant to this section were not used for administrative costs nor for any purposes outside of California and that describes in narrative form the amount of moneys received pursuant to this section and the purposes for which the moneys were expended.

**18709.** (a) Except as otherwise provided in paragraph (2) of subdivision (b), this article shall remain in effect only until January 1 of the fifth taxable year following the first appearance of the Special Olympics Fund on the personal income tax return, and is repealed as of December 1 of that year.

(b) (1) By September 1 of the second calendar year and each subsequent calendar year that the Special Olympics Fund appears on the tax return, the Franchise Tax Board shall do both of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of the contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this article shall be inoperative with respect to taxable years beginning on or after January 1 of that calendar year and shall be repealed on December 1 of that year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars (\$250,000) for the second calendar year after the first appearance of the Special Olympics Fund on the personal income tax return or the minimum contribution amount as adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with the third calendar year after the first appearance of the Special Olympics Fund on the personal income tax return, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior calendar year multiplied by the inflation factor adjustment as specified in subparagraph (A) of paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index for all items received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.