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SB-347 Urban forestry: California Community and Neighborhood Tree Voluntary Tax Contribution Fund.
(2021-2022)

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Senate Bill No. 347

CHAPTER 104

An act to add and repeal Section 4799.12.1 of the Public Resources Code, and to add and repeal Article 4 (commencing with Section 18734) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to urban forestry, and making an appropriation therefor.

[Approved by Governor July 16, 2021. Filed with Secretary of State July 16, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

SB 347, Caballero. Urban forestry: California Community and Neighborhood Tree Voluntary Tax Contribution Fund.

The California Urban Forestry Act of 1978 requires the Department of Forestry and Fire Protection to implement a program in urban forestry to encourage better tree management and planting in urban areas. Under the act, the department has established a grant program to provide grants for, among other projects, projects for urban forest management activities.

Existing law authorizes an individual to contribute amounts in excess of their personal income tax liability for the support of specified funds. Existing law sets forth general administrative provisions applicable to voluntary contributions, which, among other things, repeal funds that fail to meet a minimum contribution amount of \$250,000 in a given taxable year.

This bill would allow a taxpayer to designate an amount in excess of personal income tax liability to be transferred into the California Community and Neighborhood Tree Voluntary Tax Contribution Fund, which the bill would create. The bill would require the Franchise Tax Board to revise the tax return to include a space for this fund for taxable years beginning on or after January 1, 2021, and until January 1, 2028, unless the fund fails to meet an annual minimum contribution amount of \$250,000, in which case these provisions would be repealed on December 1 of that year. The bill would require moneys transferred to the California Community and Neighborhood Tree Voluntary Tax Contribution Fund to be continuously appropriated and allocated to the Department of Forestry and Fire Protection to the grant program for urban forest management activities under the California Urban Forestry Act of 1978 and to the Franchise Tax Board and the Controller for related administrative costs, as provided. By continuously appropriating these funds, the bill would make an appropriation.

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

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

SECTION 1. The Legislature finds and declares all of the following:

(a) Urban forestry is an important tool to mitigate the impact of climate change and to improve air quality, water quality, public health, economies, and other conditions.

(b) Roads, parking lots, buildings, and other impervious surfaces in urban areas absorb solar radiation, making the environment warmer and creating urban heat islands. Climate change is producing more frequent heat waves and warmer temperatures that are likely to expand and intensify urban heat islands. This raises concerns for higher energy consumption, elevated emissions of air pollutants and greenhouse gases, compromised human health and comfort, and impaired water quality.

(c) One of the more effective strategies to mitigate the negative impacts of urban heat islands is to increase canopy cover by planting urban trees. Trees cool urban and surrounding areas, mitigating the public health impacts of excessive heat and criteria air pollution, reducing energy demand for cooling, and improving conditions for active transportation options, such as walking and bicycling.

(d) California's urban forests face multiple challenges, including drought, climate warming, invasive exotic insects, and maintenance budget shortfalls. Also, tree canopy cover in urban areas is unevenly distributed in the state. Disadvantaged and low-income communities, as well as certain unincorporated areas, typically have less canopy cover than other communities. These communities struggle to fund and maintain urban forestry programs. The uneven distribution of urban forests across the state leads to an inequitable distribution of environmental benefits. These communities often suffer from greater urban heat island effects and worse air pollution.

(e) These communities will benefit from a robust urban tree canopy in public and private spaces.

SEC. 2. Section 4799.12.1 is added to the Public Resources Code, to read:

4799.12.1. (a) Moneys appropriated from the California Community and Neighborhood Tree Voluntary Tax Contribution Fund, established pursuant to Section 18735 of the Revenue and Taxation Code, to the department shall be used to fund grants authorized under Section 4799.12. A minimum of 25 percent of the funds shall be used for the needs specified in subdivisions (a), (b), (c), (h), and (k) of Section 4799.12 in low-income or disadvantaged communities.

(b) This section shall become inoperative one year after the date on which Article 4 (commencing with Section 18734) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code becomes inoperative and is repealed on January 1 of the following year.

SEC. 3. Article 4 (commencing with Section 18734) is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

Article 4. California Community and Neighborhood Tree Voluntary Tax Contribution Fund

18734. (a) An individual may designate on the tax return that a contribution in excess of the personal income tax liability, if any, be made to the California Community and Neighborhood Tree Voluntary Tax Contribution Fund established by Section 18735. That designation is to be used as a voluntary contribution on the tax return.

(b) The contributions shall be in full dollar amounts and may be made individually by each signatory on a 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 is irrevocable. 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, the return shall be treated as if no designation has been made.

(d) Except as provided by Section 18737, for taxable years beginning on or after January 1, 2021, the Franchise Tax Board shall revise the form of the return to include a space labeled the "California Community and Neighborhood Tree Voluntary Tax Contribution Fund" to allow for the designation permitted. 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 support the Department of Forestry and Fire Protection's grant program as provided in Section 4799.12.1 of the Public Resources Code.

(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).

18735. There is hereby established in the State Treasury the California Community and Neighborhood Tree Voluntary Tax Contribution Fund to receive contributions made pursuant to Section 18734. 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 18734 to be transferred to the California Community and Neighborhood Tree Voluntary Tax Contribution Fund. The Controller shall transfer from the Personal Income Tax Fund to the California Community and Neighborhood Tree Voluntary Tax Contribution Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18734 for payment into that fund.

18736. (a) Notwithstanding Section 13340 of the Government Code, all money transferred to the California Community and Neighborhood Tree Voluntary Tax Contribution Fund shall be continuously appropriated and allocated as follows:

(1) 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.

(2) To the Department of Forestry and Fire Protection for purposes of Section 4799.12.1 of the Public Resources Code.

(b) The Department of Forestry and Fire Protection shall report on an internet website the number of trees planted, the location of the trees planted, and the volume of projected carbon captured by the trees planted, and information to assist contributors to the California Community and Neighborhood Tree Voluntary Tax Contribution Fund in interacting with local and regional tree planting programs.

(c) Money in the California Community and Neighborhood Tree Voluntary Tax Contribution Fund shall not be used to supplant state General Fund money for any purpose.

18737. (a) Except as otherwise provided in subdivision (b), this article shall remain in effect only until January 1, 2028, and is repealed on December 1, 2028.

(b) (1) By September 1 of the second calendar year and each subsequent calendar year that the California Community and Neighborhood Tree Voluntary Tax Contribution Fund appears on the tax return, the Franchise Tax Board shall determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount for the calendar year. 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 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).