

AMENDED IN SENATE JUNE 27, 2016

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1789**

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**Introduced by Assembly Member Santiago**

*(Coauthors: Assembly Members Chiu, Dodd, Cristina Garcia, Kim,  
Lackey, McCarty, and Olsen, )*

*(Coauthor: Senator Block)*

February 4, 2016

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An act to amend ~~Section~~ *Sections 18897 and 18898* of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1789, as amended, Santiago. Personal income taxes: voluntary contributions: School Supplies for Homeless Children Fund.

Existing law authorizes an individual to contribute amounts in excess of his or her personal income tax liability for the support of specified funds, including the School Supplies for Homeless Children Fund. Existing law requires the moneys deposited in the School Supplies for Homeless Children Fund, upon appropriation by the Legislature, to be allocated to the State Department of Social Services for distribution to a designated nonprofit organization for the sole purpose of assisting pupils in California pursuant to the federal McKinney-Vento Homeless Assistance Act, as provided. Existing law provides that this voluntary contribution remain in effect only until January 1 of the 5th taxable year in which the fund appears on the tax return or when the amount of contributions by taxpayers does not meet the minimum contribution amount, whichever occurs first.

This bill would *authorize the designated nonprofit organization to provide school supplies and health-related products to homeless children and homeless youth residing in or receiving services from specified living centers and would extend the time period for the School Supplies for Homeless Children Fund to appear on the tax return to January 1, 2022, or when the amount of contributions by taxpayers does not meet the minimum contribution amount, whichever occurs first.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 18897 of the Revenue and Taxation Code  
2     is amended to read:  
3     18897. All moneys transferred to the School Supplies for  
4     Homeless Children Fund, upon appropriation by the Legislature,  
5     shall be allocated as follows:  
6     (a) To the Franchise Tax Board, the State Department of Social  
7     Services, and the Controller for reimbursement of all costs incurred  
8     by the Franchise Tax Board, the Controller, and the State  
9     Department of Social Services in connection with their duties under  
10    this article.  
11    (b) To the State Department of Social Services as follows:  
12    (1) For the 2014–15 fiscal year, the Controller shall transfer the  
13    funds appropriated to the State Department of Education for this  
14    purpose from Budget Items 6110-001-8075 and 6110-101-8075  
15    to the State Department of Social Services. Funds transferred may  
16    be used for state operations or local assistance expenditures and  
17    for distribution to a nonprofit organization exempt from federal  
18    income tax as an organization described in Section 501(c)(3) of  
19    the Internal Revenue Code for the sole purpose of assisting pupils  
20    in California on a statewide basis pursuant to the federal  
21    McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11301  
22    et seq.) by providing school supplies and health-related products  
23    to partnering local education agencies for distribution to homeless  
24    children, as defined by the federal McKinney-Vento Homeless  
25    Assistance Act (42 U.S.C. Sec. 11434a). The nonprofit organization  
26    shall provide a minimum 100 percent match for all funds received  
27    from the School Supplies for Homeless Children Fund. If the  
28    nonprofit organization provides in-kind materials towards the 100

1 percent match, then the value of the in-kind materials contributing  
2 to a 100 percent match shall be verified by the donor donating the  
3 in-kind materials and cannot exceed the market value of the  
4 materials if sold at retail. The State Department of Social Services  
5 shall enter into a subvention services agreement with the nonprofit  
6 organization.

7 (2) The State Department of Social Services' first designation  
8 of a nonprofit organization shall be valid until January 1, 2017.  
9 On that date, and every three calendar years thereafter, while this  
10 section is operative and in effect, the State Department of Social  
11 Services shall designate the same or a different nonprofit  
12 organization pursuant to this section. The State Department of  
13 Social Services may revoke the designation if the nonprofit  
14 organization fails to comply with the provisions of this article. If  
15 a designation is revoked, the State Department of Social Services  
16 shall designate a new nonprofit organization within three calendar  
17 months or as soon as administratively feasible.

18 (3) Funds shall be distributed by the State Department of Social  
19 Services only after evidence is presented to the State Department  
20 of Social Services that demonstrates that the local education  
21 agencies or domestic violence shelters have received the materials  
22 described in paragraph (1).

23 (c) (1) Funds distributed to the nonprofit organization pursuant  
24 to this section shall be used only for costs incurred to procure,  
25 assemble, and ship school supplies and health-related products.  
26 Funds made available pursuant to this section shall not be used for  
27 administrative purposes, to reimburse costs associated with  
28 administering grants of school supplies and health-related products  
29 to local education agencies or domestic violence shelters, or for  
30 any purpose relating to the operation of the nonprofit organization.

31 (2) The nonprofit organization may provide school supplies and  
32 health-related products to children living in domestic violence  
33 shelters.

34 (3) *The nonprofit organization may provide school supplies and*  
35 *health-related products to homeless children and homeless youth,*  
36 *as defined in Section 11139.3 of the Government Code, residing*  
37 *or receiving services from eligible basic living centers and*  
38 *transitional living centers eligible for assistance as specified in*  
39 *the Runaway and Homeless Youth Act (42 U.S.C. 5701, et. seq.),*  
40 *as that act read on January 1, 2015.*

1 (d) The State Department of Social Services shall verify that  
2 the designated nonprofit organization procured school supplies  
3 and health-related products and provided matching funds or in-kind  
4 materials as described in this section.

5 **SECTION 1.**

6 *SEC. 2.* Section 18898 of the Revenue and Taxation Code is  
7 amended to read:

8 18898. (a) Except as otherwise provided in subdivision (b),  
9 this article shall remain in effect only until January 1, 2022, and  
10 is repealed as of December 1 of that year.

11 (b) (1) By September 1 of the second calendar year and each  
12 subsequent calendar year that the School Supplies for Homeless  
13 Children Fund appears on the tax return, the Franchise Tax Board  
14 shall do all of the following:

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

19 (B) Provide written notification to the State Department of  
20 Social Services of the amount determined in subparagraph (A).

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

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

35 (3) For purposes of this section, the minimum contribution  
36 amount for a calendar year means two hundred fifty thousand  
37 dollars (\$250,000) for the second calendar year after the first  
38 appearance of the School Supplies for Homeless Children Fund  
39 on the personal income tax return or the adjusted minimum  
40 contribution amount adjusted pursuant to subdivision (c).

1 (c) For each calendar year, beginning with the third calendar  
2 year after the first appearance of the School Supplies for Homeless  
3 Children Fund on the personal income tax return, the Franchise  
4 Tax Board shall adjust, on or before September 1 of that calendar  
5 year, the minimum contribution amount specified in subdivision  
6 (b) as follows:

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

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

18 (d) Notwithstanding the repeal of this article, any contribution  
19 amounts designated pursuant to this article prior to its repeal shall  
20 continue to be transferred and disbursed in accordance with this  
21 article as in effect immediately prior to that repeal.