

Date of Hearing: April 7, 2025

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION

Mike Gipson, Chair

AB 703 (Lee) – As Amended March 24, 2025

Majority vote. Fiscal committee.

**SUBJECT:** California Pediatric Cancer Research Voluntary Tax Contribution Fund

**SUMMARY:** Authorizes the addition of the California Pediatric Cancer Research Voluntary Tax Contribution Fund (Fund) as a voluntary contribution fund (VCF) on the personal income tax (PIT) return. Specifically, **this bill:**

1) Contains the following legislative findings and declarations:

- a) Childhood cancer is the leading cause of disease-related death in children in the United States. Unlike many adult cancers, pediatric cancers are biologically distinct and require specialized research to develop effective treatments. Despite this, only 8% of federal cancer research funding is dedicated to childhood cancers, leaving a significant gap in resources needed for advancements in care;
- b) Many pediatric cancers, such as diffuse intrinsic pontine glioma (DIPG) and other rare brain tumors, have survival rates near 0%, with no significant treatment advancements in decades. For other childhood cancers, while the five-year survival rate is 83.3%, many survivors face lifelong health complications, including organ damage, secondary cancers, and cognitive impairments due to the toxic nature of current treatments. Unlike adult cancers, most pediatric cancers are not preventable, making research into safer and more effective therapies essential;
- c) The impact of childhood cancer extends beyond the patient, placing immense physical, emotional, and financial strain on families. Many parents leave jobs or relocate to access treatment, leading to financial hardship. In California, racial and ethnic disparities persist in pediatric cancer incidence and outcomes. Hispanic children have higher overall cancer rates than Black children (16.0 vs. 13.1 per 100,000), while White children experience the highest rates of brain and central nervous system tumors. These disparities highlight the urgent need for equitable access to research, treatment, and support services across all communities; and,
- d) It is the intent of the Legislature, in enacting this bill, to establish a coordinated statewide funding mechanism to advance research, treatment, and support systems for pediatric cancer. This will support research by scientists and clinicians at California cancer research centers, hospitals, and universities to develop innovative therapies and improve access to clinical trials. By enacting the Fund, California can lead the way in pediatric cancer research, ultimately improving survival rates and quality of life for children diagnosed with this devastating disease.

- 2) Establishes the Fund in the State Treasury.
- 3) Provides that all money in the Fund shall be continuously appropriated and allocated to the:
  - a) Franchise Tax Board (FTB) and the State Controller for reimbursement of all administrative costs incurred; and,
  - b) Regents of the University of California:
    - i) For distribution of grants to conduct research on the causes and treatments for pediatric cancer and to expand community-based education on pediatric cancer; and,
    - ii) For reimbursement of any costs incurred by the Regents for administering the grant program.
- 4) Requests that the Regents report on the Regents' internet website the process for awarding money, the amount of money spent on administration, and an itemization of how program funds were awarded, including, without limitation, information regarding recipients of funds.
- 5) Provides that, except as otherwise specified, the Fund's statutory provisions shall remain in effect only until January 1, 2033, and shall be repealed on December 1 of that year.
- 6) Requires the Fund to meet a standard minimum contribution amount of \$250,000 to remain in effect.

**EXISTING LAW:**

- 1) Allows taxpayers to contribute to one or more of 18 VCFs on the 2024 PIT return. (Revenue and Taxation Code (R&TC) Section 18730 *et seq.*)
- 2) Requires each VCF to meet an annual minimum contribution amount to remain in effect, except for the California Firefighters' Memorial Voluntary Tax Contribution Fund, the California Peace Officer Memorial Foundation Voluntary Tax Contribution Fund, the California Senior Citizen Advocacy Voluntary Tax Contribution Fund, and the California Seniors Special Fund. (R&TC Sections 18801 *et seq.*, 18805 *et seq.*, 18730 *et seq.*, and 18771 *et seq.*)
- 3) Provides a specific sunset date for each VCF, except for the California Seniors Special Fund and the State Parks Protection Fund. (R&TC Sections 18771 *et seq.* and 18900.1 *et seq.*)
- 4) Requires the statutory provisions establishing a VCF to remain in effect only until January 1 of the seventh calendar year following the VCF's first appearance on the PIT return. (R&TC Section 18873.)
- 5) Allows taxpayers to contribute to the California Cancer Research Voluntary Tax Contribution Fund via a checkoff on the PIT return. Moneys in this VCF are continuously appropriated to the Regents for distribution of grants to:
  - a) Conduct research on the causes and treatments for cancer;

- b) Expand community-based education on cancer; and,
  - c) Provide culturally sensitive and appropriate prevention and awareness activities targeted toward communities that are disproportionately at risk or afflicted by cancer. (R&TC Section 18861 *et seq.*)
- 6) Allows taxpayers to contribute to the California Breast Cancer Research Voluntary Tax Contribution Fund via a checkoff on the PIT return. Moneys in this VCF are continuously appropriated to the University of California to support the Breast Cancer Research Program. Additionally, the University of California is prohibited from using more than 5% of the money allocated to it for administering and promoting the program.

**FISCAL EFFECT:** The FTB estimates that this bill would reduce General Fund revenues by \$6,000 in both fiscal year (FY) 2026-27 and FY 2027-28.

**COMMENTS:**

- 1) The author has provided the following statement in support of this bill:

Cancer is the leading cause of death by disease for children in the United States. Each year, approximately 15,000 children are diagnosed with cancer, and tragically, 1 in 5 do not survive. Those who do survive often develop chronic conditions or severe illness due to treatment. Despite these alarming statistics, only 4% of federal funding goes towards pediatric cancer research. AB 703 establishes the Pediatric Cancer Research Voluntary Contribution Fund, which will allow Californians to donate towards pediatric cancer research, and positions our state as a leader in the fight against childhood cancer.

- 2) This bill is co-sponsored by the American Cancer Society Cancer Action Network, which notes the following:

Most childhood cancers are caused by DNA changes (mutations) that happen early in the child's life, sometimes even before birth. Because of this, there are not many known risk factors or ways to prevent childhood cancers. This makes research into childhood cancer that much more important. The more we can understand why DNA changes happen early in a child's life, the better the chances we will be able to prevent and develop new treatments for childhood cancer.

There has been far too little research on childhood cancer treatment. Two-thirds of childhood cancer survivors will have long-lasting chronic health conditions from treatment such as heart and other organ damage, infertility, stunted bone growth and increased risk of secondary cancers. Increased funding for more childhood cancer research could help develop treatments with less long-term side effects.

- 3) This bill is supported by the University of California, which notes the following:

UC is a leader in cancer care and research through our five National Cancer Institute-designated Comprehensive Cancer Centers and we treat pediatric cancer patients at our four children's hospitals. The American Cancer Society estimates that approximately 9,550 children will be diagnosed with cancer in 2025. This bill will create a new voluntary tax fund, and the UC Office of the President will distribute grants to conduct

research on the causes and treatments for pediatric cancer and to expand education on pediatric cancer. The UC Cancer Research Coordinating Committee in the UC Office of the President currently administers two other grant programs from funds collected through voluntary tax contribution funds for cancer and breast cancer research. The UC is well positioned to administer this new pediatric cancer research voluntary tax contribution fund. Like our other programs, the funding collected through this new tax check-off will be distributed through a competitive grant application process.

4) Committee Staff Comments:

- a) *So many causes, so little space:* There are countless worthy causes that would benefit from the inclusion of a VCF on the state's income tax returns. At the same time, space on the returns is limited. Thus, it could be argued that the current system for adding VCFs to the form is subjective and essentially rewards organizations and causes that can convince the Legislature to include their fund on the form.
- b) *What would this bill do?* This bill would establish the Fund as a means of providing a dedicated funding source for pediatric cancer research. Specifically, this bill calls for Fund moneys to be allocated to the Regents for the distribution of grants. These grants, in turn, would be for pediatric cancer research and for expanding community-based education on pediatric cancer.
- c) *The other cancer VCFs:* As noted above, there are currently two VCFs dedicated to cancer research on the PIT return. The first is the California Cancer Research Voluntary Tax Contribution Fund. The University of California Office of the President notes the following in connection with this VCF:

The CCRVTC fund is administered by the Cancer Research Coordinating Committee (CRCC), a University of California systemwide research program that supports cutting edge cancer research selected through competitive peer review. The CRCC is comprised of UC faculty from all 10 campuses across California who are experts in a variety of cancer research disciplines, and who provide independent merit review of proposals submitted in response to an annual Request for Proposals. Leveraging the highly rigorous review process and oversight of the CRCC, the program is able to administer the CCRVTC funds for less than five percent of the annual donations. Over 95 percent of the donations goes directly to supporting research.

According to the FTB, the California Cancer Research Voluntary Tax Contribution Fund received valid contributions of \$437,025 in 2022; \$427,091 in 2023; and \$362,544 in 2024.

The second VCF related to cancer research is the California Breast Cancer Research Voluntary Tax Contribution Fund. As noted above, moneys in this fund are allocated to the University of California to support the Breast Cancer Research Program. The FTB notes that this VCF received valid contributions of \$436,035 in 2022, \$413,725 in 2023; and \$364,902 in 2024.

- d) *Leveling the field:* In an effort to promote a fair playing field, the Legislature enacted a series of requirements for new and extended VCFs. Specifically, R&TC Section 18873 was added by SB 1476 (Committee on Governance and Finance), Chapter 597, Statutes

of 2016, to bring a degree of uniformity and improvement to the disparate VCF statutes. Among other things, Section 18873 provides the following parameters:

- i) The words "voluntary tax contribution" shall be included as part of the name of the fund;
  - ii) The website of the fund's administering agency shall report the process for awarding money, the amount of money spent on administration, and an itemization of how program funds were awarded, as specified;
  - iii) The minimum contribution amount that must be received for the fund to continue appearing on the tax return is \$250,000, without subsequent inflation adjustments; and,
  - iv) The statutory provisions establishing a VCF shall remain in effect only until January 1 of the seventh calendar year following the VCF's first appearance on the return.
- e) *Amendments suggested to comply with Committee's VCF policy:* According to this Committee's formally adopted policy on VCFs, "[a]ll new checkoffs will be subject to queuing rules intended to ensure that no new checkoff is added to the form until an existing checkoff is removed or space becomes available." As such, Committee staff recommends the following amendments to bring this bill into compliance with the Committee's policy on VCFs:
- i) On page 3, line 39, delete "The" and insert "When another voluntary contribution designation is removed from the tax return, or as soon as space is available, whichever occurs first, the"; and,
  - ii) On page 5, in lines 2 and 3, delete "January 1, 2033, and as of December 1 of that year is repealed." and insert "January 1 of the seventh calendar year following the first appearance of the California Pediatric Cancer Research Voluntary Tax Contribution Fund on the tax return, and is repealed as of December 1 of that year."
- f) *Administrative costs:* As noted above, there are currently two University of California administered VCFs on the PIT return related to cancer research. The first, which supports general cancer research, specifically authorizes the University of California to use VCF moneys for full reimbursement of all administrative costs. Nevertheless, the University of California notes that they currently use less than 5% of this VCF's moneys to reimburse administrative costs. The second VCF, which supports breast cancer research, statutorily prohibits the University of California from using more than 5% of VCF moneys for administration and promotion.

This bill, in turn, would authorize full reimbursement of all costs incurred by the University of California in administering this program. The Committee and author may wish to consider amendments formally capping administrative reimbursement at 5% consistent with best practices and the current efficiencies demonstrated by the University of California's stewardship of the California Cancer Research Voluntary Tax Contribution Fund.

- g) *Current legislation:*

- i) AB 241 (Tangipa) would authorize the addition of the Wildfire and Vegetation Management Voluntary Tax Contribution Fund as a VCF on the PIT return. AB 241 is currently pending hearing by this Committee.
  - ii) AB 829 (Sharp-Collins) would authorize the addition of the Parkinson's Disease Research Voluntary Tax Contribution Fund as a VCF on the PIT return. AB 829 is currently pending hearing by the Assembly Committee on Health.
- h) *Prior legislation:*
- i) AB 1983 (Maienschein), Chapter 234, Statutes of 2024, established the Prevention of Animal Homelessness and Cruelty Voluntary Tax Contribution Fund.
  - ii) AB 511 (Dixon), Chapter 265, Statutes of 2023, established the California ALS Research Network Voluntary Tax Contribution Fund.
  - iii) AB 3051 (Muratsuchi), of the 2023-24 Legislative Session, would have established the California K-12 Climate Change Education Voluntary Tax Contribution Fund. AB 3051 was held on the Suspense File of the Assembly Committee on Appropriations.

**REGISTERED SUPPORT / OPPOSITION:****Support**

American Cancer Society Cancer Action Network (Co-Sponsor)  
California Life Sciences  
University of California

**Opposition**

None on file

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