

AMENDED IN ASSEMBLY APRIL 3, 2008

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 2556

Introduced by Assembly Member Duvall

February 22, 2008

~~An act to amend Section 17220 of the Revenue and Taxation Code, relating to taxation.~~ *An act to amend Section 17072 of, and to add Section 17204 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2556, as amended, Duvall. Income tax deduction: ~~taxes health insurance.~~

The Personal Income Tax Law authorizes various deductions in computing income subject to taxation.

This bill would allow a deduction in computing adjusted gross income for the costs of health insurance premiums, as provided.

This bill would take effect immediately as a tax levy.

~~The Personal Income Tax Law provides that, for the purposes of computing taxes imposed by that law, certain federal provisions relating to deductibility of specified taxes shall not apply.~~

~~This bill would make a technical, nonsubstantive change to those provisions.~~

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

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

1 *SECTION 1. Section 17072 of the Revenue and Taxation Code*
2 *is amended to read:*

3 17072. (a) Section 62 of the Internal Revenue Code, relating
4 to adjusted gross income defined, shall apply, except as otherwise
5 provided.

6 (b) Section 62(a)(2)(D) of the Internal Revenue Code, relating
7 to certain expenses of elementary and secondary school teachers,
8 shall not apply.

9 (c) *The deduction allowed by Section 17204, relating to health*
10 *insurance premiums, shall be allowed in computing adjusted gross*
11 *income.*

12 *SEC. 2. Section 17204 is added to the Revenue and Taxation*
13 *Code, to read:*

14 17204. *There shall be allowed a deduction in an amount equal*
15 *to the cost paid or incurred during the taxable year by the taxpayer*
16 *for health insurance premiums for the taxpayer, his or her spouse,*
17 *his or her dependents, and, in the case of a married couple, any*
18 *dependent of each spouse.*

19 *SEC. 3. This act provides for a tax levy within the meaning of*
20 *Article IV of the Constitution and shall go into immediate effect.*

21 ~~SECTION 1. Section 17220 of the Revenue and Taxation Code~~
22 ~~is amended to read:~~

23 ~~17220. (a) Section 164(a)(3) of the Internal Revenue Code,~~
24 ~~relating to deductibility of state, local, and foreign income, war~~
25 ~~profits, and excess profits taxes, shall not apply.~~

26 ~~(b) Section 164(b)(5) of the Internal Revenue Code, relating to~~
27 ~~general sales taxes, shall not apply.~~

28 ~~(c) In addition to the provisions of Section 164(c) of the Internal~~
29 ~~Revenue Code, relating to deduction denied in case of certain~~
30 ~~taxes, no deduction shall be allowed for any tax imposed under~~
31 ~~Chapter 10.5 (commencing with Section 17935), Chapter 10.6~~
32 ~~(commencing with Section 17941), or Chapter 10.7 (commencing~~
33 ~~with Section 17951) of this part or under Part 11 (commencing~~
34 ~~with Section 23001).~~

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