

AMENDED IN ASSEMBLY APRIL 7, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 2605

Introduced by Assembly Member Nakanishi

(Coauthors: Assembly Members Anderson, Benoit, DeVore, Garrick, Horton, Huff, La Malfa, Maze, and Sharon Runner)

(Coauthors: Senators Dutton, Hollingsworth, and Runner)

February 22, 2008

An act to add *and repeal* Section 17053.85 to of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2605, as amended, Nakanishi. Income taxes: credit: ~~private school and home school; nonpublic school attendance.~~

The Personal Income Tax Law authorizes various credits against the taxes imposed by that law.

This bill would, ~~for each taxable year beginning on or after January 1, 2009, authorize a credit of~~ *against that tax for each taxable year beginning on or after January 1, 2009, and before January 1, 2014, in an amount equal to \$500 for each dependent of a qualified taxpayer in grades kindergarten to 12 attending a nonpublic school who is exempt from the requirement to attend a public full-time day school during the taxable year.*

This bill also would require the Legislative Analyst's Office to conduct a study of the effectiveness of the tax credit incentives authorized by this bill and to report the results to the Legislature.

The provisions of this bill would remain in effect only until December 1, 2014, and as of that date would be repealed.

This bill would take effect immediately as a tax levy.

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 17053.85 is added to the Revenue and
2 Taxation Code, to read:

3 17053.85. (a) For each taxable year beginning on or after
4 January 1, 2009, *and before January 1, 2014*, there shall be allowed
5 as a credit against the “net tax,” as defined in Section 17039, an
6 amount equal to five hundred dollars (\$500) for each dependent
7 of the taxpayer who is attending a qualified nonpublic school. *a*
8 *qualified taxpayer who, during the taxable year, is exempt from*
9 *the requirements of attendance in a public full-time day school in*
10 *accordance with Section 48222, 48223, or 48224 of the Education*
11 *Code.*

12 ~~(b) For purposes of this section, “qualified nonpublic school”~~
13 means a private primary or secondary school, or a home school,
14 grades kindergarten to 12, located in this state.

15 ~~(b) For purposes of this section, a “qualified taxpayer” means~~
16 ~~a person whose income is less than 400 percent of the poverty~~
17 ~~guidelines as updated periodically in the Federal Register by the~~
18 ~~United States Department of Health and Human Services under~~
19 ~~the authority of Section 9902(2) of Title 42 of the United States~~
20 ~~Code, as amended.~~

21 (c) No credit may be allowed by this section unless the taxpayer
22 is eligible to claim the child as a dependent on his or her tax return.

23 (d) In the case where the credit allowed by this section exceeds
24 the “net tax,” the excess may be carried over to reduce the “net
25 tax” in the following year, and succeeding years if necessary, until
26 the credit is exhausted.

27 (e) *The Legislative Analyst’s Office shall conduct a study on*
28 *the effectiveness of the tax credit incentives authorized by this*
29 *section. The Legislative Analyst’s Office shall report the results*
30 *of the study to the Legislature on or before January 1, 2013.*

31 (f) *This section shall remain in effect only until December 1,*
32 *2014, and as of that date is repealed. However, any unused credit*
33 *may continue to be carried forward, as provided in subdivision*
34 *(d), until the credit is exhausted.*

1 SEC. 2. This act provides for a tax levy within the meaning of
2 Article IV of the Constitution and shall go into immediate effect.

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