

Introduced by Senator FlorezFebruary 22, 2007

An act to add Section 69982.5 to the Education Code, and to amend Section 17072 of, and to add Section 17216 to, the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 643, as introduced, Florez. Personal income taxes: deductions: tuition programs: grants.

The Personal Income Tax Law allows various deductions in computing the income that is subject to the taxes imposed by that law.

This bill, for taxable years beginning on or after January 1, 2007, would authorize a deduction under that law for the amounts, as specified, contributed by a qualified taxpayer, as defined, to a qualified tuition program, as defined.

This bill would require the Scholarshare Investment Board to make a one-time matching contribution in the amount of \$50 to any qualified tuition program, as defined by Section 529 of the Internal Revenue Code, established for any child born in this state on or after January 1, 2008, before that child reaches one year of age.

This bill would appropriate from the General Fund to the board the amounts necessary to make the contributions. This bill would also declare the Legislature's intent to enact legislation to establish a one-time matching contribution program for contributions to qualified tuition programs for children under 7 years of age.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. Section 69982.5 is added to the Education Code,
2 to read:

3 69982.5. (a) The board shall make a one-time matching
4 contribution in the amount of fifty dollars (\$50) to any qualified
5 tuition program, as defined by Section 529 of the Internal Revenue
6 Code, established for any child born in this state on or after January
7 1, 2008, before that child reaches one year of age.

8 (b) Notwithstanding Section 13340 of the Government Code,
9 without regard to fiscal year, there is hereby continuously
10 appropriated from the General Fund to the board the amounts
11 necessary to make the contributions required by subdivision (a).

12 (c) The Legislature declares its intent to enact legislation to
13 establish a one-time matching contribution program for
14 contributions to qualified tuition programs for children under seven
15 years of age.

16 SEC. 2. Section 17072 of the Revenue and Taxation Code, as
17 amended by Section 4 of Chapter 691 of the Statutes of 2005, is
18 amended to read:

19 17072. (a) Section 62 of the Internal Revenue Code, relating
20 to adjusted gross income defined, shall apply, except as otherwise
21 provided.

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

25 (c) *The deduction allowed by Section 17216, relating to*
26 *contributions to qualified tuition programs, as defined in Section*
27 *529 of the Internal Revenue Code, is allowed in computing adjusted*
28 *gross income.*

29 (d) *The amendments made to this section by the act adding this*
30 *subdivision shall apply only to taxable years beginning on or after*
31 *January 1, 2007.*

32 SEC. 3. Section 17216 is added to the Revenue and Taxation
33 Code, to read:

34 17216. (a) For taxable years beginning on or after January 1,
35 2007, there shall be allowed as a deduction, subject to subdivision
36 (b), an amount equal to the amount of contributions made by a
37 qualified taxpayer during the taxable year to a qualified tuition

1 program, as defined by Section 529 of the Internal Revenue Code,
2 as modified by Section 17140.3.

3 (b) The deduction allowed by this section may not exceed the
4 following amounts:

5 (1) Six thousand dollars (\$6,000) in the case of a married couple
6 filing a joint return or an individual filing a head of household
7 return. No deduction shall be allowed by this section if the adjusted
8 gross income on that return exceeds two hundred thousand dollars
9 (\$200,000).

10 (2) Three thousand dollars (\$3,000) in the case of a taxpayer
11 who is single or is a married individual filing a separate return.
12 No deduction shall be allowed by this section if the adjusted gross
13 income on that return exceeds one hundred thousand dollars
14 (\$100,000).

15 (c) For purposes of this section, “qualified taxpayer” means an
16 individual who, on behalf of a beneficiary, contributes money to
17 a qualified tuition program and meets all of the other applicable
18 requirements of Section 529 of the Internal Revenue Code, as
19 modified by Section 17140.3.

20 (d) The deduction allowable pursuant to this section shall be
21 taken with respect to the taxable year in which the contribution is
22 made and shall be limited to the applicable dollar amount
23 determined under subdivision (b).