

AMENDED IN ASSEMBLY MAY 27, 2011
AMENDED IN ASSEMBLY MARCH 14, 2011
CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 242

**Introduced by Committee on Revenue and Taxation (Perea (Chair),
Beall, Charles Calderon, Fuentes, and Gordon)**

February 3, 2011

An act to add Sections 17131.10, 17131.11, 17131.12, 17131.13, 17131.14, 17134.1, 17202.1, ~~24304~~, and ~~24343.6 and 24304~~ to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 242, as amended, Committee on Revenue and Taxation. Income taxes: conformity: federal health care.

The Personal Income Tax Law and the Bank and Corporation Tax Law, among other things, allow various exclusions, deductions, and credit in modified conformity to federal income tax laws.

This bill would provide additional modified conformity to specified provisions of the federal Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 relating to simple cafeteria plans for small businesses, health care benefits of Indian tribe members, free choice vouchers, therapeutic discovery project grants, and student loan repayment programs.

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 17131.10 is added to the Revenue and
2 Taxation Code, to read:

3 17131.10. (a) For taxable years beginning on or after January
4 1, 2011, Section 125(j) of the Internal Revenue Code, relating to
5 simple cafeteria plans for small businesses, as added by Section
6 9022 of the Patient Protection and Affordable Care Act (Public
7 Law 111-148), shall apply, except as otherwise provided.

8 (b) For taxable years beginning on or after January 1, 2014,
9 Section 125(f) of the Internal Revenue Code, relating to qualified
10 benefits defined, as amended by Section 1515 of the Patient
11 Protection and Affordable Care Act (Public Law 111-148), shall
12 apply, except as otherwise provided.

13 SEC. 2. Section 17131.11 is added to the Revenue and Taxation
14 Code, to read:

15 17131.11. For taxable years beginning on or after January 1,
16 2010, Section 137 of the Internal Revenue Code, relating to
17 adoption assistance programs, as amended by Section 10909(a)(2)
18 of the Patient Protection and Affordable Care Act (Public Law
19 111-148), shall apply, except as otherwise provided.

20 SEC. 3. Section 17131.12 is added to the Revenue and Taxation
21 Code, to read:

22 17131.12. (a) Section 139D of the Internal Revenue Code,
23 relating to Indian health care benefits, as added by Section 9021
24 of the Patient Protection and Affordable Care Act (Public Law
25 111-148), shall apply, except as otherwise provided.

26 (b) This section shall apply to benefits and coverage provided
27 after March 23, 2010.

28 (c) This section shall not be construed to create an inference
29 with respect to the exclusion from gross income of either of the
30 following:

31 (1) Benefits provided by an Indian tribe or tribal organization
32 that are not within the scope of this section.

33 (2) Benefits provided prior to the effective date of the act adding
34 this section.

35 SEC. 4. Section 17131.13 is added to the Revenue and Taxation
36 Code, to read:

37 17131.13. For vouchers provided on or after January 1, 2014,
38 Section 139D of the Internal Revenue Code, relating to free choice

1 vouchers, as added by Section 10108(f) of the Patient Protection
2 and Affordable Care Act (Public Law 111-148), shall apply, except
3 as otherwise provided.

4 SEC. 5. Section 17131.14 is added to the Revenue and Taxation
5 Code, to read:

6 17131.14. (a) Any grant made in any year by the Secretary of
7 the Treasury under Section 9023(e) of the Patient Protection and
8 Affordable Care Act (Public Law 111-148), to a person that places
9 in service qualified therapeutic discovery project property, shall
10 not be includable in the gross income or the alternative minimum
11 taxable income of the taxpayer.

12 (b) This section shall apply in the same manner and to the same
13 periods as Section 48D(f)(3) of the Internal Revenue Code, as
14 added by Section 9023(a) of the Patient Protection and Affordable
15 Care Act (Public Law 111-148), relating to treatment of grants,
16 applies for federal purposes, except as otherwise provided.

17 SEC. 6. Section 17134.1 is added to the Revenue and Taxation
18 Code, to read:

19 17134.1. For taxable years beginning on or after January 1,
20 2010, Section 108(f)(4) of the Internal Revenue Code, relating to
21 payments under the National Health Service Corps loan repayment
22 program and certain state loan repayment programs, as amended
23 by Section 10908 of the Patient Protection and Affordable Care
24 Act (Public Law 111-148), shall apply, except as otherwise
25 provided.

26 SEC. 7. Section 17202.1 is added to the Revenue and Taxation
27 Code, to read:

28 17202.1. For taxable years beginning on or after January 1,
29 2014, Section 162(a) of the Internal Revenue Code, as amended
30 by Section 10108(g) of the Patient Protection and Affordable Care
31 Act (Public Law 111-148), shall apply, except as otherwise
32 provided.

33 SEC. 8. Section 24304 is added to the Revenue and Taxation
34 Code, to read:

35 24304. (a) Any grant made in any year by the Secretary of the
36 Treasury under Section 9023(e) of the Patient Protection and
37 Affordable Care Act (Public Law 111-148), to a person that places
38 in service qualified therapeutic discovery project property, shall
39 not be includable in the gross income or the alternative minimum
40 taxable income of the taxpayer.

1 (b) This section shall apply in the same manner and to the same
2 periods as Section 48D(f)(3) of the Internal Revenue Code, as
3 added by Section 9023(a) of the Patient Protection and Affordable
4 Care Act (Public Law 111-148), relating to treatment of grants,
5 applies for federal purposes, except as otherwise provided.

6 ~~SEC. 9. Section 24343.6 is added to the Revenue and Taxation
7 Code, to read:~~

8 ~~24343.6. For vouchers provided on or after January 1, 2014,
9 Section 162(a) of the Internal Revenue Code, as amended by
10 Section 10108(g) of the Patient Protection and Affordable Care
11 Act (Public Law 111-148), shall apply, except as otherwise
12 provided.~~

13 ~~SEC. 10.~~

14 ~~SEC. 9. This act provides for a tax levy within the meaning of
15 Article IV of the Constitution and shall go into immediate effect.~~