

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2225**

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**Introduced by Assembly Member Perea**

February 24, 2012

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~~An act relating to taxation.~~ *An act to amend Sections 9274, 30459.4, 32474, 40214, 41174, 43525, 45870, 46625, 50156.14, 55335, and 60633.1 of the Revenue and Taxation Code, relating to taxation.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2225, as amended, Perea. ~~Taxation: cancellation of indebtedness; mortgage debt forgiveness.~~ *State Board of Equalization: erroneous charges.*

*Existing law requires the State Board of Equalization to administer the Sales and Use Tax Law, Use Fuel Tax Law, Cigarette and Tobacco Products Tax Law, Alcoholic Beverage Tax Law, Energy Resources Surcharge Law, Emergency Telephone Users Surcharge Act, Hazardous Substances Tax Law, Integrated Waste Management Fee Law, Oil Spill Response, Prevention, and Administration Fees Law, Underground Storage Tank Maintenance Fee Law, Fee Collection Procedures Law, and Diesel Fuel Tax Law, and authorizes the board to undertake collection action on delinquent accounts, including issuing a levy or notice to withhold. Under existing sales and use tax laws, a taxpayer may file a claim with the board for reimbursement of bank charges or any other reasonable 3rd-party check charge fees incurred by the taxpayer as a direct result of an erroneous levy or notice to withhold by the board or erroneous processing or collection action, within 90 days of the date of the board action. Under the other laws, a taxpayer*

may only file a claim for those charges or fees incurred as a direct result of an erroneous levy or notice to withhold.

This bill would extend to those other laws, the authorization for a taxpayer to also file a reimbursement claim with the board for bank charges and other reasonable 3rd-party check charge fees incurred as a direct result of an erroneous processing action or erroneous collection action by the board within 90 days of the board action. This bill would also, under those other laws, allow the board to extend the 90-day filing period for reasonable cause.

~~The Personal Income Tax Law conforms to specified provisions of the federal Mortgage Forgiveness Debt Relief Act of 2007, as amended by the federal Emergency Economic Stabilization Act of 2008, relating to the exclusion of the discharge of qualified principal residence indebtedness, as defined, from an individual’s income if that debt is discharged after January 1, 2007, and before January 1, 2013, as provided.~~

~~This bill would make findings and declarations regarding mortgage debt forgiveness and would state the intent of the Legislature to enact legislation that would conform to federal law with regard to any extension of the exclusion described above.~~

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 9274 of the Revenue and Taxation Code
- 2     is amended to read:
- 3     9274. (a) A taxpayer may file a claim with the board for
- 4     reimbursement of bank charges and any other reasonable
- 5     third-party check charge fees incurred by the taxpayer as the direct
- 6     result of an erroneous levy or notice to withhold, *erroneous*
- 7     *processing action, or erroneous collection action* by the board.
- 8     Bank and third-party charges include a financial institution’s or
- 9     third party’s customary charge for complying with the levy or
- 10    notice to withhold instructions and reasonable charges for
- 11    overdrafts that are a direct consequence of the erroneous levy or
- 12    notice to withhold, *erroneous processing action, or erroneous*
- 13    *collection action*. The charges are those paid by the taxpayer and
- 14    not waived for reimbursement by the financial institution or third
- 15    party. Each claimant applying for reimbursement shall file a claim

1 with the board that shall be in a form as may be prescribed by the  
2 board. In order for the board to grant a claim, the board shall  
3 determine that both of the following conditions have been satisfied:

4 (1) The erroneous levy or notice to withhold was caused by  
5 board error, *erroneous processing action*, or *erroneous collection*  
6 *action*.

7 (2) Prior to the *erroneous* levy or notice to withhold, *erroneous*  
8 *processing action*, or *erroneous collection action*, the taxpayer  
9 responded to all contacts by the board and provided the board with  
10 any requested information or documentation sufficient to establish  
11 the taxpayer's position. This provision may be waived by the board  
12 for reasonable cause.

13 (b) Claims pursuant to this section shall be filed within 90 days  
14 from the date of the *erroneous* levy or notice to withhold,  
15 *erroneous processing action*, or *erroneous collection action*. *This*  
16 *90-day filing period may be extended by the board for reasonable*  
17 *cause*. Within 30 days from the date the claim is received, the  
18 board shall respond to the claim. If the board denies the claim, the  
19 taxpayer shall be notified in writing of the reason or reasons for  
20 the denial of the claim.

21 *SEC. 2. Section 30459.4 of the Revenue and Taxation Code is*  
22 *amended to read:*

23 30459.4. (a) A taxpayer may file a claim with the board for  
24 reimbursement of bank charges and any other reasonable  
25 third-party check charge fees incurred by the taxpayer as the direct  
26 result of an erroneous levy or notice to withhold, *erroneous*  
27 *processing action*, or *erroneous collection action* by the board.  
28 Bank and third-party charges include a financial institution's or  
29 third party's customary charge for complying with the levy or  
30 notice to withhold instructions and reasonable charges for  
31 overdrafts that are a direct consequence of the erroneous levy or  
32 notice to withhold, *erroneous processing action*, or *erroneous*  
33 *collection action*. The charges are those paid by the taxpayer and  
34 not waived for reimbursement by the financial institution or third  
35 party. Each claimant applying for reimbursement shall file a claim  
36 with the board that shall be in a form as may be prescribed by the  
37 board. In order for the board to grant a claim, the board shall  
38 determine that both of the following conditions have been satisfied:

1 (1) The erroneous levy or notice to withhold, *erroneous*  
 2 *processing action, or erroneous collection action* was caused by  
 3 board error.

4 (2) Prior to the *erroneous* levy or notice to withhold, *erroneous*  
 5 *processing action, or erroneous collection action*, the taxpayer  
 6 responded to all contacts by the board and provided the board with  
 7 any requested information or documentation sufficient to establish  
 8 the taxpayer’s position. This provision may be waived by the board  
 9 for reasonable cause.

10 (b) Claims pursuant to this section shall be filed within 90 days  
 11 from the date of the *erroneous* levy or notice to withhold,  
 12 *erroneous processing action, or erroneous collection action. This*  
 13 *90-day filing period may be extended by the board for reasonable*  
 14 *cause. Within 30 days from the date the claim is received, the*  
 15 board shall respond to the claim. If the board denies the claim, the  
 16 taxpayer shall be notified in writing of the reason or reasons for  
 17 the denial of the claim.

18 *SEC. 3. Section 32474 of the Revenue and Taxation Code is*  
 19 *amended to read:*

20 32474. (a) A taxpayer may file a claim with the board for  
 21 reimbursement of bank charges and any other reasonable  
 22 third-party check charge fees incurred by the taxpayer as the direct  
 23 result of an erroneous levy or notice to withhold, *erroneous*  
 24 *processing action, or erroneous collection action* by the board.  
 25 Bank and third-party charges include a financial institution’s or  
 26 third party’s customary charge for complying with the levy or  
 27 notice to withhold instructions and reasonable charges for  
 28 overdrafts that are a direct consequence of the erroneous levy or  
 29 notice to withhold, *erroneous processing action, or erroneous*  
 30 *collection action. The charges are those paid by the taxpayer and*  
 31 not waived for reimbursement by the financial institution or third  
 32 party. Each claimant applying for reimbursement shall file a claim  
 33 with the board that shall be in a form as may be prescribed by the  
 34 board. In order for the board to grant a claim, the board shall  
 35 determine that both of the following conditions have been satisfied:

36 (1) The erroneous levy or notice to withhold, *erroneous*  
 37 *processing action, or erroneous collection action* was caused by  
 38 board error.

39 (2) Prior to the *erroneous* levy or notice to withhold, *erroneous*  
 40 *processing action, or erroneous collection action*, the taxpayer

1 responded to all contacts by the board and provided the board with  
2 any requested information or documentation sufficient to establish  
3 the taxpayer's position. This provision may be waived by the board  
4 for reasonable cause.

5 (b) Claims pursuant to this section shall be filed within 90 days  
6 from the date of the *erroneous* levy or notice to withhold,  
7 *erroneous processing action*, or *erroneous collection action*. This  
8 90-day filing period may be extended by the board for reasonable  
9 cause. Within 30 days from the date the claim is received, the  
10 board shall respond to the claim. If the board denies the claim, the  
11 taxpayer shall be notified in writing of the reason or reasons for  
12 the denial of the claim.

13 *SEC. 4. Section 40214 of the Revenue and Taxation Code is*  
14 *amended to read:*

15 40214. (a) A taxpayer may file a claim with the board for  
16 reimbursement of bank charges and any other reasonable  
17 third-party check charge fees incurred by the taxpayer as the direct  
18 result of an erroneous levy or notice to withhold, *erroneous*  
19 *processing action*, or *erroneous collection action* by the board.  
20 Bank and third-party charges include a financial institution's or  
21 third party's customary charge for complying with the levy or  
22 notice to withhold instructions and reasonable charges for  
23 overdrafts that are a direct consequence of the erroneous levy or  
24 notice to withhold, *erroneous processing action*, or *erroneous*  
25 *collection action*. The charges are those paid by the taxpayer and  
26 not waived for reimbursement by the financial institution or third  
27 party. Each claimant applying for reimbursement shall file a claim  
28 with the board that shall be in a form as may be prescribed by the  
29 board. In order for the board to grant a claim, the board shall  
30 determine that both of the following conditions have been satisfied:

31 (1) The erroneous levy or notice to withhold, *erroneous*  
32 *processing action*, or *erroneous collection action* was caused by  
33 board error.

34 (2) Prior to the *erroneous* levy or notice to withhold, *erroneous*  
35 *processing action*, or *erroneous collection action*, the taxpayer  
36 responded to all contacts by the board and provided the board with  
37 any requested information or documentation sufficient to establish  
38 the taxpayer's position. This provision may be waived by the board  
39 for reasonable cause.

1 (b) Claims pursuant to this section shall be filed within 90 days  
2 from the date of the *erroneous* levy or notice to withhold,  
3 *erroneous processing action, or erroneous collection action. This*  
4 *90-day filing period may be extended by the board for reasonable*  
5 *cause.* Within 30 days from the date the claim is received, the  
6 board shall respond to the claim. If the board denies the claim, the  
7 taxpayer shall be notified in writing of the reason or reasons for  
8 the denial of the claim.

9 *SEC. 5. Section 41174 of the Revenue and Taxation Code is*  
10 *amended to read:*

11 41174. (a) A taxpayer may file a claim with the board for  
12 reimbursement of bank charges and any other reasonable  
13 third-party check charge fees incurred by the taxpayer as the direct  
14 result of an erroneous levy or notice to withhold, *erroneous*  
15 *processing action, or erroneous collection action* by the board.  
16 Bank and third-party charges include a financial institution's or  
17 third party's customary charge for complying with the levy or  
18 notice to withhold instructions and reasonable charges for  
19 overdrafts that are a direct consequence of the erroneous levy or  
20 notice to withhold, *erroneous processing action, or erroneous*  
21 *collection action.* The charges are those paid by the taxpayer and  
22 not waived for reimbursement by the financial institution or third  
23 party. Each claimant applying for reimbursement shall file a claim  
24 with the board that shall be in a form as may be prescribed by the  
25 board. In order for the board to grant a claim, the board shall  
26 determine that both of the following conditions have been satisfied:

27 (1) The erroneous levy or notice to withhold, *erroneous*  
28 *processing action, or erroneous collection action* was caused by  
29 board error.

30 (2) Prior to the *erroneous* levy or notice to withhold, *erroneous*  
31 *processing action, or erroneous collection action,* the taxpayer  
32 responded to all contacts by the board and provided the board with  
33 any requested information or documentation sufficient to establish  
34 the taxpayer's position. This provision may be waived by the board  
35 for reasonable cause.

36 (b) Claims pursuant to this section shall be filed within 90 days  
37 from the date of the *erroneous* levy or notice to withhold,  
38 *erroneous processing action, or erroneous collection action. This*  
39 *90-day filing period may be extended by the board for reasonable*  
40 *cause.* Within 30 days from the date the claim is received, the

1 board shall respond to the claim. If the board denies the claim, the  
2 taxpayer shall be notified in writing of the reason or reasons for  
3 the denial of the claim.

4 *SEC. 6. Section 43525 of the Revenue and Taxation Code is*  
5 *amended to read:*

6 43525. (a) A taxpayer may file a claim with the board for  
7 reimbursement of bank charges and any other reasonable  
8 third-party check charge fees incurred by the taxpayer as the direct  
9 result of an erroneous levy or notice to withhold, *erroneous*  
10 *processing action, or erroneous collection action* by the board.  
11 Bank and third-party charges include a financial institution's or  
12 third party's customary charge for complying with the levy or  
13 notice to withhold instructions and reasonable charges for  
14 overdrafts that are a direct consequence of the erroneous levy or  
15 notice to withhold, *erroneous processing action, or erroneous*  
16 *collection action*. The charges are those paid by the taxpayer and  
17 not waived for reimbursement by the financial institution or third  
18 party. Each claimant applying for reimbursement shall file a claim  
19 with the board that shall be in a form as may be prescribed by the  
20 board. In order for the board to grant a claim, the board shall  
21 determine that both of the following conditions have been satisfied:

22 (1) The erroneous levy or notice to withhold, *erroneous*  
23 *processing action, or erroneous collection action* was caused by  
24 board error.

25 (2) Prior to the *erroneous* levy or notice to withhold, *erroneous*  
26 *processing action, or erroneous collection action*, the taxpayer  
27 responded to all contacts by the board and provided the board with  
28 any requested information or documentation sufficient to establish  
29 the taxpayer's position. This provision may be waived by the board  
30 for reasonable cause.

31 (b) Claims pursuant to this section shall be filed within 90 days  
32 from the date of the *erroneous* levy or notice to withhold,  
33 *erroneous processing action, or erroneous collection action*. *This*  
34 *90-day filing period may be extended by the board for reasonable*  
35 *cause*. Within 30 days from the date the claim is received, the  
36 board shall respond to the claim. If the board denies the claim, the  
37 taxpayer shall be notified in writing of the reason or reasons for  
38 the denial of the claim.

39 *SEC. 7. Section 45870 of the Revenue and Taxation Code is*  
40 *amended to read:*

1 45870. (a) A feepayer may file a claim with the board for  
2 reimbursement of bank charges and any other reasonable  
3 third-party check charge fees incurred by the taxpayer as the direct  
4 result of an erroneous levy or notice to withhold, *erroneous*  
5 *processing action, or erroneous collection action* by the board.  
6 Bank and third-party charges include a financial institution's or  
7 third party's customary charge for complying with the levy or  
8 notice to withhold instructions and reasonable charges for  
9 overdrafts that are a direct consequence of the erroneous levy or  
10 notice to withhold, *erroneous processing action, or erroneous*  
11 *collection action*. The charges are those paid by the feepayer and  
12 not waived for reimbursement by the financial institution or third  
13 party. Each claimant applying for reimbursement shall file a claim  
14 with the board that shall be in a form as may be prescribed by the  
15 board. In order for the board to grant a claim, the board shall  
16 determine that both of the following conditions have been satisfied:

17 (1) The erroneous levy or notice to withhold, *erroneous*  
18 *processing action, or erroneous collection action* was caused by  
19 board error.

20 (2) Prior to the *erroneous* levy or notice to withhold, *erroneous*  
21 *processing action, or erroneous collection action*, the feepayer  
22 responded to all contacts by the board and provided the board with  
23 any requested information or documentation sufficient to establish  
24 the feepayer's position. This provision may be waived by the board  
25 for reasonable cause.

26 (b) Claims pursuant to this section shall be filed within 90 days  
27 from the date of the *erroneous* levy or notice to withhold,  
28 *erroneous processing action, or erroneous collection action*. *This*  
29 *90-day filing period may be extended by the board for reasonable*  
30 *cause*. Within 30 days from the date the claim is received, the  
31 board shall respond to the claim. If the board denies the claim, the  
32 feepayer shall be notified in writing of the reason or reasons for  
33 the denial of the claim.

34 *SEC. 8. Section 46625 of the Revenue and Taxation Code is*  
35 *amended to read:*

36 46625. (a) A feepayer may file a claim with the board for  
37 reimbursement of bank charges and any other reasonable  
38 third-party check charge fees that are incurred by the feepayer as  
39 the direct result of an erroneous levy or notice to withhold,  
40 *erroneous processing action, or erroneous collection action* by

1 the board. Bank and third-party charges include a financial  
2 institution's or third party's customary charge for complying with  
3 either a levy or instructions in a notice to withhold, and reasonable  
4 charges for overdrafts that are a direct consequence of the  
5 erroneous levy or notice to withhold, *erroneous processing action*,  
6 *or erroneous collection action*. Bank charges include only those  
7 charges that are paid by the feepayer and not waived for  
8 reimbursement by the financial institution or third party. Each  
9 claimant applying for reimbursement pursuant to this section shall  
10 file a claim with the board that shall be in the form as may be  
11 prescribed by the board. The board shall not grant a claim unless  
12 it determines that both of the following conditions have been  
13 satisfied:

14 (1) The erroneous levy or notice to withhold, *erroneous*  
15 *processing action*, *or erroneous collection action* resulted from  
16 board error.

17 (2) Prior to the *erroneous* levy or notice to withhold, *erroneous*  
18 *processing action*, *or erroneous collection action*, the feepayer  
19 responded to all contacts by the board and provided the board with  
20 any requested information or documentation that was sufficient to  
21 establish the feepayer's position. The requirement of this paragraph  
22 may be waived by the board for reasonable cause.

23 (b) Claims pursuant to this section shall be filed within 90 days  
24 from the date of the *erroneous* levy or notice to withhold ~~that is~~  
25 ~~asserted to be erroneous~~, *erroneous processing action*, *or*  
26 *erroneous collection action*. *This 90-day filing period may be*  
27 *extended by the board for reasonable cause*. The board shall  
28 respond to a claim filed pursuant to this section within 30 days of  
29 receipt. If the board denies a claim, the taxpayer shall be notified  
30 in writing of the reason or reasons for denial.

31 *SEC. 9. Section 50156.14 of the Revenue and Taxation Code*  
32 *is amended to read:*

33 50156.14. (a) A feepayer may file a claim with the board for  
34 reimbursement of bank charges and any other reasonable  
35 third-party check charge fees incurred by the taxpayer as the direct  
36 result of an erroneous levy or notice to withhold, *erroneous*  
37 *processing action*, *or erroneous collection action* by the board.  
38 Bank and third-party charges include a financial institution's or  
39 third party's customary charge for complying with the levy or  
40 notice to withhold instructions and reasonable charges for

1 overdrafts that are a direct consequence of the erroneous levy or  
2 notice to withhold, *erroneous processing action, or erroneous*  
3 *collection action*. The charges are those paid to the feepayer and  
4 not waived for reimbursement by the financial institution or third  
5 party. Each claimant applying for reimbursement shall file a claim  
6 with the board that shall be in a form as may be prescribed by the  
7 board. In order for the board to grant a claim, the board shall  
8 determine that both of the following conditions have been satisfied:

9 (1) The erroneous levy or notice to withhold, *erroneous*  
10 *processing action, or erroneous collection action* was caused by  
11 board error.

12 (2) Prior to the *erroneous* levy or notice to withhold, *erroneous*  
13 *processing action, or erroneous collection action*, the feepayer  
14 responded to all contacts by the board and provided the board with  
15 any requested information or documentation sufficient to establish  
16 the feepayer's position. This provision may be waived by the board  
17 for reasonable cause.

18 (b) Claims pursuant to this section shall be filed within 90 days  
19 from the date of the *erroneous* levy or notice to withhold,  
20 *erroneous processing action, or erroneous collection action*. *This*  
21 *90-day filing period may be extended by the board for reasonable*  
22 *cause*. Within 30 days from the date the claim is received, the  
23 board shall respond to the claim. If the board denies the claim, the  
24 feepayer shall be notified in writing of the reason or reasons for  
25 the denial of the claim.

26 *SEC. 10. Section 55335 of the Revenue and Taxation Code is*  
27 *amended to read:*

28 55335. (a) A taxpayer may file a claim with the board for  
29 reimbursement of bank charges and any other reasonable  
30 third-party check charge fees incurred by the taxpayer as the direct  
31 result of an erroneous levy or notice to withhold, *erroneous*  
32 *processing action, or erroneous collection action* by the board.  
33 Bank and third-party charges include a financial institution's or  
34 third party's customary charge for complying with the levy or  
35 notice to withhold instructions and reasonable charges for  
36 overdrafts that are a direct consequence of the erroneous levy or  
37 notice to withhold, *erroneous processing action, or erroneous*  
38 *collection action*. The charges are those paid by the taxpayer and  
39 not waived for reimbursement by the financial institution or third  
40 party. Each claimant applying for reimbursement shall file a claim

1 with the board that shall be in a form as may be prescribed by the  
2 board. In order for the board to grant a claim, the board shall  
3 determine that both of the following conditions have been satisfied:

4 (1) The erroneous levy or notice to withhold, *erroneous*  
5 *processing action, or erroneous collection action* was caused by  
6 board error.

7 (2) Prior to the *erroneous* levy or notice to withhold, *erroneous*  
8 *processing action, or erroneous collection action*, the taxpayer  
9 responded to all contacts by the board and provided the board with  
10 any requested information or documentation sufficient to establish  
11 the taxpayer's position. This provision may be waived by the board  
12 for reasonable cause.

13 (b) Claims pursuant to this section shall be filed within 90 days  
14 from the date of the *erroneous* levy or notice to withhold,  
15 *erroneous processing action, or erroneous collection action. This*  
16 *90-day filing period may be extended by the board for reasonable*  
17 *cause. Within 30 days from the date the claim is received, the*  
18 *board shall respond to the claim. If the board denies the claim, the*  
19 *taxpayer shall be notified in writing of the reason or reasons for*  
20 *the denial of the claim.*

21 *SEC. 11. Section 60633.1 of the Revenue and Taxation Code*  
22 *is amended to read:*

23 60633.1. (a) A taxpayer may file a claim with the board for  
24 reimbursement of bank charges and any other reasonable  
25 third-party check charge fees incurred by the taxpayer as the direct  
26 result of an erroneous levy or notice to withhold, *erroneous*  
27 *processing action, or erroneous collection action* by the board.  
28 Bank and third-party charges include a financial institution's or  
29 third party's customary charge for complying with the levy or  
30 notice to withhold instructions and reasonable charges for  
31 overdrafts that are a direct consequence of the erroneous levy or  
32 notice to withhold, *erroneous processing action, or erroneous*  
33 *collection action. The charges are those paid by the taxpayer and*  
34 *not waived for reimbursement by the financial institution or third*  
35 *party. Each claimant applying for reimbursement shall file a claim*  
36 *with the board that shall be in a form as may be prescribed by the*  
37 *board. In order for the board to grant a claim, the board shall*  
38 *determine that both of the following conditions have been satisfied:*

1 (1) The erroneous levy or notice to withhold, *erroneous*  
2 *processing action, or erroneous collection action* was caused by  
3 board error.

4 (2) Prior to the *erroneous* levy or notice to withhold, *erroneous*  
5 *processing action, or erroneous collection action*, the taxpayer  
6 responded to all contacts by the board and provided the board with  
7 any requested information or documentation sufficient to establish  
8 the taxpayer’s position. This provision may be waived by the board  
9 for reasonable cause.

10 (b) Claims pursuant to this section shall be filed within 90 days  
11 from the date of the *erroneous* levy or notice to withhold,  
12 *erroneous processing action, or erroneous collection action. This*  
13 *90-day filing period may be extended by the board for reasonable*  
14 *cause.* Within 30 days from the date the claim is received, the  
15 board shall respond to the claim. If the board denies the claim, the  
16 taxpayer shall be notified in writing of the reason or reasons for  
17 the denial of the claim.

18 ~~SECTION 1. The Legislature finds and declares all of the~~  
19 ~~following:~~

20 ~~(a) A homeowner can lose his or her job or become seriously~~  
21 ~~ill and then be unable to pay the monthly mortgage. In the resulting~~  
22 ~~short sale or foreclosure, the homeowner not only loses his or her~~  
23 ~~home, but may also be taxed on relief of indebtedness income that~~  
24 ~~the homeowner did not receive.~~

25 ~~(b) If the homeowner refinances his or her mortgage, as many~~  
26 ~~homeowners do, the nature of the debt is changed and the~~  
27 ~~homeowner may be personally liable for the payment of that debt.~~

28 ~~(c) Absent an extension of the debt forgiveness protections~~  
29 ~~beyond this year, homeowners will again be subject to taxation on~~  
30 ~~income they never actually received.~~

31 ~~SEC. 2. It is the intent of the Legislature to enact legislation~~  
32 ~~that would extend the operation of Section 17144.5 of the Revenue~~  
33 ~~and Taxation Code, relating to the exclusion of the discharge of~~  
34 ~~qualified principal residence indebtedness from an individual’s~~  
35 ~~income, to conform to any federal legislation that extends the~~  
36 ~~operation of this exclusion in federal income tax law.~~