

**ASSEMBLY BILL**

**No. 1796**

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**Introduced by Assembly Member Linder**

February 18, 2014

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An act to add Section 17206.2 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1796, as introduced, Linder. Tax deductions: 529 college savings plans.

The Personal Income Tax Law, in modified conformity with federal income tax laws, 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, 2014, would allow as a deduction under that law the lesser of (1) the amount contributed by a qualified taxpayer, as defined, to a qualified tuition program, as provided, or (2) \$3,000 in the case of a taxpayer who is single or is a married individual filing a separate return, and \$6,000 in the case of a taxpayer who is a married individual filing a joint return or an individual filing a head of household return.

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 17206.2 is added to the Revenue and
- 2 Taxation Code, to read:

1 17206.2. (a) For taxable years beginning on or after January  
2 1, 2014, there shall be allowed as a deduction the lesser of the  
3 amount contributed by a qualified taxpayer during the taxable year  
4 to a qualified tuition program under Section 529 of the Internal  
5 Revenue Code, as modified by Section 17140.3, or the applicable  
6 amount determined under paragraph (2) of subdivision (b).

7 (b) For purposes of this section, all of the following apply:

8 (1) Section 67(b) of the Internal Revenue Code, relating to the  
9 definition of miscellaneous itemized deductions, is modified to  
10 additionally provide that the deduction allowed under this section  
11 is an itemized deduction that is not subject to the 2 percent floor  
12 on itemized deductions under Section 67(a) of the Internal Revenue  
13 Code.

14 (2) The amount allowed as a deduction under subdivision (a)  
15 shall not exceed the following:

16 (A) In the case of a taxpayer who is single or is a married  
17 individual filing a separate return, three thousand dollars (\$3,000).

18 (B) In the case of a taxpayer who is a married individual filing  
19 a joint return or an individual filing a head of household return,  
20 six thousand dollars (\$6,000).

21 (3) “Qualified taxpayer” means an individual who, on behalf  
22 of a beneficiary, contributes money to a qualified tuition program  
23 and meets all of the other applicable requirements of Section 529  
24 of the Internal Revenue Code, as modified by Section 17140.3.

25 (c) The deduction under subdivision (a) shall be taken with  
26 respect to the taxable year in which the contribution is made and  
27 shall be limited to the applicable dollar amount determined under  
28 paragraph (2) of subdivision (b).

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