

ASSEMBLY BILL

No. 2367

Introduced by Assembly Member Donnelly

February 21, 2014

An act to add and repeal Section 17054.6 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2367, as introduced, Donnelly. Personal income taxes: credits: health care coverage.

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

This bill, for taxable years beginning on or after January 1, 2014, and before January 1, ____, would allow a credit equal to the difference between the annual premium amount paid or incurred during the taxable year for an individual health care service plan contract or individual policy of health insurance and the annual premium amount paid or incurred prior to March 31, 2014, for such an individual plan contract or policy by a qualified taxpayer, which is defined as an individual whose individual plan contract or policy was canceled between during a specified time period, and who purchased a new individual plan contract or policy and paid or incurred an annual premium amount that exceeded the annual premium amount paid or incurred prior to the cancellation of his or her individual plan contract or policy.

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 17054.6 is added to the Revenue and
2 Taxation Code, to read:

3 17054.6. (a) For each taxable year beginning on or after
4 January 1, 2014, and before January 1, _____, there shall be allowed
5 as a credit against the “net tax,” as defined in Section 17039, an
6 amount equal to the difference between the annual premium
7 amount paid or incurred during the taxable year by a qualified
8 taxpayer for an individual health care service plan contract or
9 individual policy of health insurance and the annual premium
10 amount paid or incurred prior to March 31, 2014, by that qualified
11 taxpayer for an individual health care service plan contract or
12 individual policy of health insurance.

13 (b) For the purposes of this section, the following definitions
14 shall apply:

15 (1) “Individual health care service plan contract” means a plan
16 contract, as defined in Section 1345 of the Health and Safety Code,
17 issued to an individual.

18 (2) “Individual policy of health insurance” means a policy issued
19 to an individual for health insurance, as defined in Section 106 of
20 the Insurance Code.

21 (3) “Qualified taxpayer” means an individual whose individual
22 health care service plan contract or individual policy of health
23 insurance was canceled between December 31, 2013, and March
24 31, 2014, inclusive, pursuant to paragraph (5) or (6) of subdivision
25 (a) of Section 1365 of the Health and Safety Code, or subdivision
26 (d) or (e) of Section 10273.6 of the Insurance Code and, who
27 purchased a new individual plan contract or policy and paid or
28 incurred an annual premium amount that exceeded the annual
29 premium amount paid or incurred prior to the cancellation of his
30 or her individual plan contract or policy.

31 (c) In the case where the credit allowed by this section exceeds
32 the “net tax,” the excess may be carried over to reduce the “net
33 tax” in the following year, and succeeding seven years if necessary,
34 until the credit is exhausted.

35 (d) A deduction otherwise allowed under this part for any
36 amount paid or incurred by the qualified taxpayer upon which the
37 credit is based shall be reduced by the amount of the credit allowed
38 by this section.

1 (e) Credit under this section shall be allowed only for credits
2 claimed on a timely filed original return of the qualified taxpayer.

3 (f) (1) The Franchise Tax Board may prescribe rules, guidelines,
4 or procedures necessary or appropriate to carry out the purposes
5 of this section.

6 (2) Chapter 3.5 (commencing with Section 11340) of Part 1 of
7 Division 3 of Title 2 of the Government Code does not apply to
8 any standard, criterion, procedure, determination, rule, notice, or
9 guideline established or issued by the Franchise Tax Board
10 pursuant to this section.

11 (g) This section shall be repealed on December 1, ____.

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

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