

AMENDED IN ASSEMBLY FEBRUARY 11, 2014

AMENDED IN ASSEMBLY JUNE 24, 2013

AMENDED IN ASSEMBLY JUNE 12, 2013

AMENDED IN SENATE MAY 14, 2013

AMENDED IN SENATE APRIL 9, 2013

SENATE BILL

No. 339

Introduced by Senator Cannella
(Principal coauthor: Assembly Member Gray)

February 20, 2013

An act to ~~add Section 25536.3 to the Government Code, relating to local government.~~ *amend Section 17144.5 of the Revenue and Taxation Code, relating to taxation, making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

SB 339, as amended, Cannella. ~~Counties: disposition of real property.~~
Taxation: cancellation of indebtedness: mortgage debt forgiveness.

The Personal Income Tax Law provides for modified conformity to specified provisions of federal income tax law 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. The federal American Taxpayer Relief Act of 2012 extended the operation of those provisions to qualified principal residence indebtedness that is discharged before January 1, 2014.

This bill would conform to the federal extension and make legislative findings and declarations regarding the public purpose served by the bill. The bill would also make a continuous appropriation from the

General Fund to the Franchise Tax Board in those amounts necessary to make payments to taxpayers who have included in income and paid tax on qualified principal residence indebtedness that was discharged on and after January 1, 2013, and before January 1, 2014.

~~Existing law authorizes the board of supervisors of a county to sell or lease any real property belonging to the county, as specified, provided that the board complies with certain procedural requirements. Existing law authorizes the board to enter into a lease, concession, or managerial contract involving county owned, leased, or managed property for specified purposes without otherwise complying with the existing procedural requirements.~~

~~This bill would additionally authorize a county to sell or enter into a lease, concession, or managerial contract involving a specified area of county property that the county acquired from the federal government due to the closure of a former military base, without complying with the existing procedural requirements referenced above, as specified.~~

~~Vote: majority ²/₃. Appropriation: no-yes. Fiscal committee: no-yes. State-mandated local program: no.~~

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

1 SECTION 1. Section 17144.5 of the Revenue and Taxation
2 Code is amended to read:

3 17144.5. (a) Section 108(a)(1)(E) of the Internal Revenue
4 Code, is modified to provide that the amount excluded from gross
5 income shall not exceed \$500,000 (\$250,000 in the case of a
6 married individual filing a separate return).

7 (b) Section 108(h)(2) of the Internal Revenue Code, is modified
8 by substituting the phrase “(within the meaning of section
9 163(h)(3)(B), applied by substituting ‘\$800,000 (\$400,000’ for
10 ‘\$1,000,000 (\$500,000’ in clause (ii) thereof)” for the phrase
11 “(within the meaning of section 163(h)(3)(B), applied by
12 substituting ‘\$2,000,000 (\$1,000,000’ for ‘\$1,000,000 (\$500,000’
13 in clause (ii) thereof)” contained therein.

14 (c) This section shall apply to discharges of indebtedness
15 occurring on or after January 1, 2007, and, notwithstanding any
16 other law to the contrary, no penalties or interest shall be due with
17 respect to the discharge of qualified principal residence
18 indebtedness during the 2007 or 2009 taxable year regardless of

1 whether or not the taxpayer reports the discharge on his or her
2 return for the 2007 or 2009 taxable year.

3 *(d) The amendments made by Section 202 of the American*
4 *Taxpayer Relief Act of 2012 (Public Law 112-240) to Section 108*
5 *of the Internal Revenue Code shall apply.*

6 *SEC. 2. The amendments made by this act that conform to the*
7 *amendments made by Section 202 of the American Taxpayer Relief*
8 *Act of 2012 (Public Law 112-240) to Section 108 of the Internal*
9 *Revenue Code, apply to qualified principal residence indebtedness*
10 *that is discharged on and after January 1, 2013, and before*
11 *January 1, 2014. The Legislature declares that the amendments*
12 *made by this act and the retroactive application contained in the*
13 *preceding sentence are necessary for the public purpose of*
14 *conforming state law to the amendments to the Internal Revenue*
15 *Code as made by the American Taxpayer Relief Act of 2012 (Public*
16 *Law 112-240) and thereby prevent undue hardship to taxpayers*
17 *whose qualified principal residence indebtedness was discharged*
18 *on and after January 1, 2013, and before January 1, 2014.*

19 *SEC. 3. Notwithstanding Section 13340 of the Government*
20 *Code, and without regard to fiscal year, there is hereby*
21 *continuously appropriated from the General Fund to the Franchise*
22 *Tax Board those amounts necessary to make the payments required*
23 *by this act to taxpayers who have included amounts in gross income*
24 *by reason of the discharge of principal residence indebtedness*
25 *that was discharged on and after January 1, 2013, and before*
26 *January 1, 2014.*

27 ~~SECTION 1. Section 25536.3 is added to the Government~~
28 ~~Code, to read:~~

29 ~~25536.3. (a) In addition to the authority provided for in Section~~
30 ~~25536, and in accordance with subdivision (b), a county, by a~~
31 ~~four-fifths vote of the board of supervisors, may sell, or enter into~~
32 ~~a lease, concession, or managerial contract involving a specified~~
33 ~~area of county property that the county has acquired from the~~
34 ~~federal government due to the closure of a military base, without~~
35 ~~otherwise complying with this article.~~

36 ~~(b) The board shall take an action specified in subdivision (a)~~
37 ~~only if the following conditions are met, or if the board makes a~~
38 ~~finding in a noticed public hearing that the following conditions~~
39 ~~were met at the time the property was acquired from the federal~~
40 ~~government:~~

- 1 ~~(1) Reuse of the property is governed solely by the county.~~
- 2 ~~(2) The county has prepared and adopted a general or specific~~
- 3 ~~plan pursuant to Article 5 (commencing with Section 65300) of~~
- 4 ~~Chapter 3 of Division 1 of Title 7 and has adopted a zoning~~
- 5 ~~ordinance for the area, and the proposed use is consistent with that~~
- 6 ~~general or specific plan and the zoning ordinance.~~
- 7 ~~(3) The airport land use commission has prepared and adopted~~
- 8 ~~a comprehensive airport land use plan for the area pursuant to~~
- 9 ~~Article 3.5 (commencing with Section 21670) of Chapter 4 of Part~~
- 10 ~~1 of Division 9 of the Public Utilities Code, and the proposed use~~
- 11 ~~is consistent with that plan.~~
- 12 ~~(4) The county has complied with Article 8 (commencing with~~
- 13 ~~Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5, and~~
- 14 ~~Section 65402 with regard to the property, as provided in Section~~
- 15 ~~25350.1.~~
- 16 ~~(5) The county has given notice pursuant to Section 6062a and~~
- 17 ~~posted the notice in the office of the county clerk. The notice shall~~
- 18 ~~specify the date that the board determines that any of the affected~~
- 19 ~~property shall be subject to this section, and shall include all of~~
- 20 ~~the following:~~
- 21 ~~(A) A description of the property proposed to be sold, leased,~~
- 22 ~~or subject to a concession or managerial contract pursuant to this~~
- 23 ~~section.~~
- 24 ~~(B) The proposed terms of the sale, lease, concession, or~~
- 25 ~~managerial contract.~~
- 26 ~~(C) The location where offers will be accepted and executed.~~
- 27 ~~(D) The telephone number and address of the county officer~~
- 28 ~~responsible for executing the sale, lease, concession, or managerial~~
- 29 ~~contract.~~

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