

ASSEMBLY BILL

No. 1041

Introduced by Assembly Member Baker

(Coauthors: Assembly Members Travis Allen, Bigelow, Brough, Chávez, Gallagher, Lackey, Linder, Mayes, Obernolte, Olsen, Patterson, and Wilk)

February 26, 2015

An act to amend Section 17072 of, and to add Section 17208 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1041, as introduced, Baker. Personal income taxes: education savings accounts.

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 would allow a deduction in computing adjusted gross income for those amounts contributed to a Coverdell education savings account, up to \$750 per taxable year, as provided.

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 17072 of the Revenue and Taxation Code
2 is amended to read:

1 17072. (a) Section 62 of the Internal Revenue Code, relating
2 to adjusted gross income defined, shall apply, except as otherwise
3 provided.

4 (b) Section 62(a)(2)(D) of the Internal Revenue Code, relating
5 to certain expenses of elementary and secondary school teachers,
6 shall not apply.

7 (c) Section 62(a)(21) of the Internal Revenue Code, relating to
8 attorneys fees relating to awards to whistleblowers, shall not apply.

9 (d) *For taxable years beginning on or after January 1, 2014,*
10 *Section 62(a) of the Internal Revenue Code is modified to provide*
11 *that the deduction allowed under Section 17208 shall be allowed*
12 *in determining adjusted gross income.*

13 SEC. 2. Section 17208 is added to the Revenue and Taxation
14 Code, to read:

15 17208. (a) Notwithstanding any other provision of this part
16 or Part 11 (commencing with Section 23001) to the contrary, a
17 deduction shall be allowed for an amount contributed by a taxpayer
18 during the taxable year to a Coverdell education savings account,
19 not to exceed seven hundred fifty dollars (\$750) per taxable year,
20 except as otherwise provided in this section.

21 (b) For purposes of this section, “Coverdell education savings
22 account” shall have the same meaning as that term is defined by
23 Section 530 of the Internal Revenue Code, as modified by Section
24 23712.

25 (c) For purposes of applying Section 530 of the Internal Revenue
26 Code, relating to Coverdell education savings accounts, the basis
27 of the Coverdell education savings account shall be reduced by
28 any amount deducted pursuant to this section.

29 SEC. 3. This act provides for a tax levy within the meaning of
30 Article IV of the Constitution and shall go into immediate effect.