

AMENDED IN ASSEMBLY MARCH 28, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2694

Introduced by Assembly Member Lackey
*(Coauthors: Assembly Members Brough, Chang, Chávez, Gallagher,
Kim, Linder, Mayes, and Steinorth)*

February 19, 2016

An act to amend Section 17053.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2694, as amended, Lackey. Taxation: renters' credit.

The Personal Income Tax Law authorizes various credits against the taxes imposed by that law, including a credit for qualified renters in the amount of \$120 for married couples filing joint returns, heads of household, and surviving spouses if adjusted gross income is \$50,000, as adjusted, or less, and in the amount of \$60 for other individuals if adjusted gross income is \$25,000, as adjusted, or less. Existing law requires the Franchise Tax Board to annually adjust for inflation these adjusted gross income amounts. For 2016, the adjusted gross income limit is \$76,518 and \$38,259, respectively.

This bill would, for taxable years beginning on and after January 1, 2016, increase this credit for a qualified renter to \$240 for married couples filing joint returns, heads of household, and surviving spouses if adjusted gross income is \$100,000 or less, and to an amount equal to \$120 for other individuals if adjusted gross income is \$50,000 or less. The bill would require the Franchise Tax Board to annually adjust the adjusted gross income amount for inflation, beginning January 1, 2017.

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 17053.5 of the Revenue and Taxation
2 Code is amended to read:
3 17053.5. (a) (1) For a qualified renter, there shall be allowed
4 a credit against his or her “net tax,” as defined in Section 17039.
5 The amount of the credit shall be as follows:
6 (A) For taxable years beginning before January 1, 2016:
7 (i) For married couples filing joint returns, heads of household,
8 and surviving spouses, as defined in Section 17046, the credit shall
9 be equal to one hundred twenty dollars (\$120) if adjusted gross
10 income is fifty thousand dollars (\$50,000) or less.
11 (ii) For other individuals, the credit shall be equal to sixty dollars
12 (\$60) if adjusted gross income is twenty-five thousand dollars
13 (\$25,000) or less.
14 (B) For taxable years beginning on or after January 1, 2016:
15 (i) For married couples filing joint returns, heads of household,
16 and surviving spouses, as defined in Section 17046, the credit shall
17 be equal to two hundred forty dollars (\$240) if adjusted gross
18 income is one hundred thousand dollars (\$100,000) or less.
19 (ii) For other individuals, the credit shall be equal to one hundred
20 twenty dollars (\$120) if adjusted gross income is fifty thousand
21 dollars (\$50,000) or less.
22 (2) Except as provided in subdivision (b), a husband and wife
23 shall receive ~~but~~ *only* one credit under this section. If the husband
24 and wife file separate returns, the credit may be taken by either or
25 equally divided between them, except as follows:
26 (A) If one spouse was a resident for the entire taxable year and
27 the other spouse was a nonresident for part or all of the taxable
28 year, the resident spouse shall be allowed one-half the credit
29 allowed to married persons and the nonresident spouse shall be
30 permitted one-half the credit allowed to married persons, prorated
31 as provided in subdivision (e).
32 (B) If both spouses were nonresidents for part of the taxable
33 year, the credit allowed to married persons shall be divided equally
34 between them subject to the proration provided in subdivision (e).

1 (b) For a husband and wife, if each spouse maintained a separate
2 place of residence and resided in this state during the entire taxable
3 year, each spouse will be allowed one-half the full credit allowed
4 to married persons provided in subdivision (a).

5 (c) For purposes of this section, a “qualified renter” means an
6 individual who satisfies both of the following:

7 (1) Was a resident of this state, as defined in Section 17014.

8 (2) Rented and occupied premises in this state which constituted
9 his or her principal place of residence during at least 50 percent
10 of the taxable year.

11 (d) “Qualified renter” does not include any of the following:

12 (1) An individual who for more than 50 percent of the taxable
13 year rented and occupied premises that were exempt from property
14 taxes, except that an individual, otherwise qualified, is deemed a
15 qualified renter if he or she or his or her landlord pays possessory
16 interest taxes, or the owner of those premises makes payments in
17 lieu of property taxes that are substantially equivalent to property
18 taxes paid on properties of comparable market value.

19 (2) An individual whose principal place of residence for more
20 than 50 percent of the taxable year is with any other person who
21 claimed that individual as a dependent for income tax purposes.

22 (3) An individual who has been granted or whose spouse has
23 been granted the homeowners’ property tax exemption during the
24 taxable year. This paragraph does not apply to an individual whose
25 spouse has been granted the homeowners’ property tax exemption
26 if each spouse maintained a separate residence for the entire taxable
27 year.

28 (e) An otherwise qualified renter who is a nonresident for any
29 portion of the taxable year shall claim the credits set forth in
30 subdivision (a) at the rate of one-twelfth of those credits for each
31 full month that individual resided within this state during the
32 taxable year.

33 (f) A person claiming the credit provided in this section shall,
34 as part of that claim, and under penalty of perjury, furnish that
35 information as the Franchise Tax Board prescribes on a form
36 supplied by the board.

37 (g) The credit provided in this section shall be claimed on returns
38 in the form as the Franchise Tax Board may from time to time
39 prescribe.

(h) For purposes of this section, “premises” means a house or a dwelling unit used to provide living accommodations in a building or structure and the land incidental thereto, but does not include land only, unless the dwelling unit is a mobilehome. The credit is not allowed for any taxable year for the rental of land upon which a mobilehome is located if the mobilehome has been granted a homeowners’ exemption under Section 218 in that year.

(i) This section shall become operative on January 1, 1998, and applies to any taxable year beginning on or after January 1, 1998.

(j) For each taxable year beginning on or after January 1, 1999, and before January 1, 2016, and for each taxable year beginning on or after January 1, 2017, the Franchise Tax Board shall recompute the adjusted gross income amounts set forth in subparagraphs (A) and (B), respectively, of paragraph (1) of subdivision (a). The computation shall be made as follows:

(1) The Department of Industrial Relations shall transmit annually to the Franchise Tax Board the percentage change in the California Consumer Price Index for all items from June of the prior calendar year to June of the current year, no later than August 1 of the current calendar year.

(2) The Franchise Tax Board shall compute an inflation adjustment factor by adding 100 percent to that portion of the percentage change figure furnished pursuant to paragraph (1) and dividing the result by 100.

(3) The Franchise Tax Board shall multiply the amounts in paragraph (1) of subdivision (a) for the preceding taxable year by the inflation adjustment factor determined in paragraph (2), and round off the resulting products to the nearest one dollar (\$1).

(4) In computing the amounts pursuant to this subdivision, the amounts provided in subparagraph (A) of paragraph (1) of subdivision (a) shall be twice the amount provided in subparagraph (B) of paragraph (1) of subdivision (a).

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