

AMENDED IN ASSEMBLY MAY 12, 2016

AMENDED IN ASSEMBLY APRIL 6, 2016

AMENDED IN ASSEMBLY MARCH 28, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

## ASSEMBLY BILL

**No. 2694**

---

---

**Introduced by Assembly Member Lackey**

(Principal coauthor: Senator Cannella)

**(Coauthors: Assembly Members Brough, Chang, Chávez, Gallagher,  
Cristina Garcia, 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, *and before January 1, 2020*, increase this credit for a qualified renter to ~~\$240~~ \$140 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. individuals.~~

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:*

SECTION 1. Section 17053.5 of the Revenue and Taxation Code is amended to read:

17053.5. (a) (1) For a qualified renter, there shall be allowed a credit against his or her “net tax,” as defined in Section 17039. The amount of the credit shall be as follows:

(A) For taxable years beginning before January 1, ~~2016~~: 2016, *and for taxable years beginning on or after January 1, 2020:*

(i) For married couples filing joint returns, heads of household, and surviving spouses, as defined in Section 17046, the credit shall be equal to one hundred twenty dollars (\$120) if adjusted gross income is fifty thousand dollars (\$50,000) or less.

(ii) For other individuals, the credit shall be equal to sixty dollars (\$60) if adjusted gross income is twenty-five thousand dollars (\$25,000) or less.

(B) For taxable years beginning on or after January 1, ~~2016~~: 2016, *and before January 1, 2020:*

(i) For married couples filing joint returns, heads of household, and surviving spouses, as defined in Section 17046, the credit shall be equal to ~~two hundred forty dollars (\$240) if adjusted gross income is one hundred thousand dollars (\$100,000) or less. one hundred forty dollars (\$140).~~

(ii) For other individuals, the credit shall be equal to ~~one hundred twenty dollars (\$120) if adjusted gross income is fifty thousand dollars (\$50,000) or less. seventy dollars (\$70).~~

(2) Except as provided in subdivision (b), a husband and wife shall receive only one credit under this section. If the husband and wife file separate returns, the credit may be taken by either or equally divided between them, except as follows:

(A) If one spouse was a resident for the entire taxable year and the other spouse was a nonresident for part or all of the taxable

1 year, the resident spouse shall be allowed one-half the credit  
2 allowed to married persons and the nonresident spouse shall be  
3 permitted one-half the credit allowed to married persons, prorated  
4 as provided in subdivision (e).

5 (B) If both spouses were nonresidents for part of the taxable  
6 year, the credit allowed to married persons shall be divided equally  
7 between them subject to the proration provided in subdivision (e).

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

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

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

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

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

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

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

29 (3) An individual who has been granted or whose spouse has  
30 been granted the homeowners’ property tax exemption during the  
31 taxable year. This paragraph does not apply to an individual whose  
32 spouse has been granted the homeowners’ property tax exemption  
33 if each spouse maintained a separate residence for the entire taxable  
34 year.

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

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

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

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

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

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

24 (1) The Department of Industrial Relations shall transmit  
25 annually to the Franchise Tax Board the percentage change in the  
26 California Consumer Price Index for all items from June of the  
27 prior calendar year to June of the current year, no later than August  
28 1 of the current calendar year.

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

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

38 (4) ~~(A)~~ In computing the amounts pursuant to this subdivision,  
39 the amounts provided in clause (i) of *subparagraph (A)* of  
40 paragraph (1) of subdivision (a) shall be twice the amount provided

1 in clause (ii) of subparagraph (A) of paragraph (1) of subdivision  
2 (a).

3 ~~(B) In computing the amounts pursuant to this subdivision, the~~  
4 ~~amounts provided in clause (i) of subparagraph (B) of paragraph~~  
5 ~~(1) of subdivision (a) shall be twice the amount provided in clause~~  
6 ~~(ii) of subparagraph (B) of paragraph (1) of subdivision (a).~~

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

O