

AMENDED IN SENATE MAY 14, 2015

SENATE BILL

No. 150

**Introduced by ~~Senator Huff~~ *Senators Nguyen and Huff*
(*Coauthors: Senators Berryhill, Morrell, and Vidak*)**

January 29, 2015

~~An act to amend Section 45060 of the Education Code, relating to certificated school employees. An act to add Section 17144.7 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 150, as amended, ~~Huff Nguyen. Certificated school employees: salary deduction for organization dues. Personal Income Tax Law: exclusion: student loan debt forgiveness.~~

The Personal Income Tax Law provides for various exclusions from gross income, including an exclusion for the amount of student loan indebtedness repaid or canceled pursuant to a specified federal law.

This bill would exclude from gross income the amount of student loan indebtedness discharged on or after January 1, 2015, for an eligible individual who is granted a discharge under specified agreements, as provided.

This bill would take effect immediately as a tax levy.

~~Existing law requires the governing board of a school district to reduce a certificated school employee's salary, pursuant to the employee's authorization, to pay the employee's dues in a local or statewide professional organization.~~

~~This bill would make nonsubstantive changes to this provision.~~

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

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

1 *SECTION 1. Section 17144.7 is added to the Revenue and*
2 *Taxation Code, to read:*

3 *17144.7. (a) Section 108(f)(1) of the Internal Revenue Code*
4 *is modified to additionally provide that in the case of an individual,*
5 *gross income does not include any amount that, but for this section,*
6 *would be includible in gross income by reason of the discharge,*
7 *in whole or in part, of any student loan if the individual is an*
8 *eligible individual for the taxable year.*

9 *(b) Section 108(f)(2) of the Internal Revenue Code is modified*
10 *to additionally provide that a student loan means a student*
11 *obligation note or other debt evidencing a loan to any individual*
12 *for the purpose of attending a for-profit higher education company*
13 *or for the purpose of consolidating or refinancing a loan used to*
14 *attend a for-profit higher education company, which is either a*
15 *guaranteed student loan, an educational loan, or a loan eligible*
16 *for consolidation or refinancing under Part B of Title IV of the*
17 *Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1071*
18 *et seq.).*

19 *(c) For purposes of this section, an individual is an eligible*
20 *individual for a taxable year if either of the following apply during*
21 *the taxable year:*

22 *(1) The individual is granted a discharge of any student loan*
23 *pursuant to the discharge agreement.*

24 *(2) The individual is granted a discharge of any student loan*
25 *pursuant to paragraph 23 of the William D. Ford Federal Direct*
26 *Loan Program Borrower's Rights and Responsibilities Statement*
27 *because of either of the following:*

28 *(A) The individual could not complete a program of study*
29 *because the school closed.*

30 *(B) The individual successfully asserts that the school did*
31 *something wrong or failed to do something that it should have*
32 *done.*

33 *(d) For purposes of this section, "discharge agreement" means*
34 *the agreement between ECMC Group, Inc., Zenith Education*
35 *Group, and the Consumer Financial Protection Bureau concerning*
36 *the purchase of certain assets of Corinthian Colleges, Inc., dated*
37 *February 2, 2015.*

1 (e) This section shall apply to discharges of indebtedness
2 occurring on or after January 1, 2015.

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

5 SECTION 1. ~~Section 45060 of the Education Code is amended~~
6 ~~to read:~~

7 45060. ~~(a) Except as provided in Section 45061, the governing~~
8 ~~board of each school district, when drawing an order for the salary~~
9 ~~payment due to a certificated employee of the school district, shall~~
10 ~~reduce the order, with or without charge, by the amount the~~
11 ~~employee has requested in a revocable written authorization for~~
12 ~~the purpose of paying the dues of the employee for membership~~
13 ~~in any local or statewide professional organization or in any other~~
14 ~~professional organization affiliated or otherwise connected with~~
15 ~~a statewide professional organization that authorizes the statewide~~
16 ~~organization to receive membership dues on its behalf and for the~~
17 ~~purpose of paying his or her pro rata share of the costs incurred~~
18 ~~by the school district in making the deduction. This charge shall~~
19 ~~not exceed the actual cost to the school district of the dues~~
20 ~~deduction. The revocation of a written authorization shall be in~~
21 ~~writing and shall be effective commencing with the next pay~~
22 ~~period.~~

23 ~~(b) Unless otherwise provided in an agreement negotiated~~
24 ~~pursuant to Chapter 10.7 (commencing with Section 3540) of~~
25 ~~Division 4 of Title 1 of the Government Code, the governing board~~
26 ~~of a school district, no later than the 10th day of each pay period~~
27 ~~for certificated employees, shall draw its order upon the funds of~~
28 ~~the school district in favor of the organization designated by the~~
29 ~~employee for an amount equal to the total of the dues deductions~~
30 ~~made with respect to that organization for the previous pay period~~
31 ~~and shall transmit the total amount to that organization no later~~
32 ~~than the 15th day of each pay period for certificated employees.~~
33 ~~When timely transmittal of dues payments by a county is necessary~~
34 ~~for a school district to comply with the provisions of this section,~~
35 ~~the county shall act in a timely manner. If the employees of a~~
36 ~~school district do not authorize the governing board of the school~~
37 ~~district to make a deduction to pay their pro rata share of the costs~~
38 ~~of making deductions for the payment of dues, the governing board~~
39 ~~of the school district shall deduct from the amount transmitted to~~

1 ~~the organization on whose account the dues payments were~~
2 ~~deducted the actual costs of making the deduction.~~
3 ~~(e) The revocable written authorization shall remain in effect~~
4 ~~until expressly revoked in writing by the employee. Whenever~~
5 ~~there is a change in the amount required for the payment to the~~
6 ~~organization, the employee organization shall provide the employee~~
7 ~~with adequate and necessary data on the change at a time~~
8 ~~sufficiently prior to the effective date of the change to allow the~~
9 ~~employee an opportunity to revoke the written authorization, if~~
10 ~~desired. The employee organization shall provide the public school~~
11 ~~employer with notification of the change at a time sufficiently~~
12 ~~before the effective date of the change to allow the employer an~~
13 ~~opportunity to make the necessary adjustments and with a copy~~
14 ~~of the notification of the change that has been sent to all concerned~~
15 ~~employees.~~
16 ~~(d) The governing board of a school district shall not require~~
17 ~~the completion of a new deduction authorization when a dues~~
18 ~~change has been effected or at any other time without the express~~
19 ~~approval of the concerned employee organization.~~