

AMENDED IN SENATE MARCH 15, 2016

SENATE BILL

No. 874

Introduced by Senator Gaines

January 14, 2016

An act to amend Section ~~5431~~ 17054 of the ~~Public Utilities Revenue and Taxation Code~~, relating to ~~transportation~~, *to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

SB 874, as amended, Gaines. ~~Transportation network companies. Personal Income Tax Law: exemption credit: dependents.~~

The Personal Income Tax law authorizes a credit of \$227 for each dependent of a taxpayer for each taxable year beginning on or after January 1, 1999, as adjusted for inflation, which may be reduced if a taxpayer's federal adjusted gross income exceeds a threshold amount. The credit for the 2015 taxable year is \$337.

This bill would increase that credit to \$422 for taxable years beginning on or after January 1, 2016, which would be adjusted for inflation in taxable years thereafter.

This bill would take effect immediately as a tax levy.

~~The Passenger Charter-party Carriers' Act provides for the regulation of charter-party carriers of passengers by the Public Utilities Commission and includes requirements for liability insurance coverage for transportation network companies, as defined, and their participating drivers, as defined.~~

~~This bill would make nonsubstantive changes to the definitions applicable to transportation network companies.~~

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 17054 of the Revenue and Taxation Code*
2 *is amended to read:*

3 17054. In the case of individuals, the following credits for
4 personal exemption may be deducted from the tax imposed under
5 Section 17041 or 17048, less any increases imposed under
6 paragraph (1) of subdivision (d) or paragraph (1) of subdivision
7 (e), or both, of Section 17560.

8 (a) In the case of a single individual, a head of household, or a
9 married individual making a separate return, a credit of fifty-two
10 dollars (\$52).

11 (b) In the case of a surviving spouse (as defined in Section
12 17046), or a husband and wife making a joint return, a credit of
13 one hundred four dollars (\$104). If one spouse was a resident for
14 the entire taxable year and the other spouse was a nonresident for
15 all or any portion of the taxable year, the personal exemption shall
16 be divided equally.

17 (c) In addition to any other credit provided in this section, in
18 the case of an individual who is 65 years of age or over by the end
19 of the taxable year, a credit of fifty-two dollars (\$52).

20 (d) (1) ~~For taxable years beginning before January 1, 2016,~~
21 a credit of two hundred twenty-seven dollars (\$227) for each
22 dependent (as defined in Section 17056) for whom an exemption
23 is allowable under Section 151(c) of the Internal Revenue Code,
24 relating to additional exemption for dependents. The credit allowed
25 under this ~~subdivision~~ paragraph for taxable years beginning on
26 or after January 1, 1999, shall not be adjusted pursuant to
27 subdivision (i) for any taxable year beginning before January 1,
28 2000.

29 (2) *For taxable years beginning on or after January 1, 2016, a*
30 *credit of four hundred twenty-two dollars (\$422) for each*
31 *dependent, as defined in Section 17056, for whom an exemption*
32 *is allowable under Section 151(c) of the Internal Revenue Code,*
33 *relating to additional exemption for dependents. The credit allowed*
34 *under this paragraph for taxable years beginning on or after*
35 *January 1, 2016, shall be computed, as otherwise provided in*
36 *subdivision (i), for taxable years beginning on or after January 1,*
37 *2017.*

38 (2)

1 (3) (A) For taxable years beginning on or after January 1, 2015,
2 a credit shall not be allowed under paragraph (1) with respect to
3 any individual unless the identification number, as defined in
4 Section 6109 of the Internal Revenue Code, of that individual is
5 included on the return claiming the credit.

6 (B) A disallowance of a credit due to the omission of a correct
7 identification number required under this paragraph, may be
8 assessed by the Franchise Tax Board in the same manner as is
9 provided by Section 19051 in the case of a mathematical error
10 appearing on the return. A claimant shall have the right to claim
11 a credit or refund of adjusted amounts within the period provided
12 in Section 19306, 19307, 19308, or 19311, whichever period
13 expires later.

14 ~~(3)~~

15 (4) (A) For taxable years beginning on or after January 1, 2009,
16 the credit allowed under paragraph (1) for each dependent shall
17 be equal to the credit allowed under subdivision (a). This
18 subparagraph shall cease to be operative for taxable years beginning
19 on or after January 1, 2011, unless the Director of Finance makes
20 the notification pursuant to Section 99040 of the Government
21 Code, in which case this subparagraph shall cease to be operative
22 for taxable years beginning on or after January 1, 2013.

23 (B) For taxable years that subparagraph (A) ceases to be
24 operative, the credit allowed under paragraph (1) for each
25 dependent shall be equal to the amount that would be allowed if
26 subparagraph (A) had never been operative.

27 (e) A credit for personal exemption of fifty-two dollars (\$52)
28 for the taxpayer if he or she is blind at the end of his or her taxable
29 year.

30 (f) A credit for personal exemption of fifty-two dollars (\$52)
31 for the spouse of the taxpayer if a separate return is made by the
32 taxpayer, and if the spouse is blind and, for the calendar year in
33 which the taxable year of the taxpayer begins, has no gross income
34 and is not the dependent of another taxpayer.

35 (g) For the purposes of this section, an individual is blind only
36 if either (1) his or her central visual acuity does not exceed 20/200
37 in the better eye with correcting lenses, or (2) his or her visual
38 acuity is greater than 20/200 but is accompanied by a limitation
39 in the fields of vision such that the widest diameter of the visual
40 field subtends an angle no greater than 20 degrees.

(h) In the case of an individual with respect to whom a credit under this section is allowable to another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins, the credit amount applicable to that individual for that individual's taxable year is zero.

(i) For each taxable year beginning on or after January 1, 1989, the Franchise Tax Board shall compute the credits prescribed in this section. That computation shall be made as follows:

(1) The California 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 calendar year, no later than August 1 of the current calendar year.

(2) The Franchise Tax Board shall add 100 percent to the percentage change figure which is furnished to them pursuant to paragraph (1), and divide the result by 100.

(3) The Franchise Tax Board shall multiply the immediately preceding taxable year credits 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 credits pursuant to this subdivision, the credit provided in subdivision (b) shall be twice the credit provided in 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.

~~SECTION 1. Section 5431 of the Public Utilities Code is amended to read:~~

~~5431. For purposes of this article, the following terms have the following meanings:~~

~~(a) "Participating driver" or "driver" means any person who uses a vehicle in connection with a transportation network company's online-enabled application or platform to connect with passengers.~~

~~(b) "Transportation network company" means an organization, including, but not limited to, a corporation, limited liability company, partnership, sole proprietor, or any other entity, operating in California that provides prearranged transportation services for compensation using an online-enabled application or platform to connect passengers with drivers using a personal vehicle.~~

1 (e) ~~“Transportation network company insurance” means a~~
2 ~~liability insurance policy that specifically covers liabilities arising~~
3 ~~from a driver’s use of a vehicle in connection with a transportation~~
4 ~~network company’s online-enabled application or platform.~~

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