

AMENDED IN SENATE MARCH 15, 2016

**SENATE BILL**

**No. 891**

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**Introduced by Senator Gaines**

January 20, 2016

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~~An act to amend Section 10208 of the Commercial Code, relating to leases. An act to amend Section 17073.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 891, as amended, Gaines. ~~Commercial law: personal property leases.~~ *Personal income tax: standard deduction.*

*The Personal Income Tax Law authorizes a taxpayer to take, as a deduction, the larger of the itemized deductions or the standard deduction and provides an adjustment for inflation for that standard deduction. For the 2015 taxable year, the standard deduction for a taxpayer who is a single filer, married filing separately, or a registered domestic partner filing separately is \$4,044 and for a head of household, surviving spouse, or taxpayers who are married filing jointly or registered domestic partners filing jointly, the standard deduction is \$8,088.*

*This bill, for taxable years beginning on or after January 1, 2016, would increase the current standard deduction amount by 25% and would continue to adjust that amount for inflation.*

*This bill would take effect immediately as a tax levy.*

~~Existing law, the Uniform Commercial Code—Leases, governs the various aspects of leases of personal property, including their formation, construction, effect, and performance. Existing law provides that an agreement modifying a lease contract does not need consideration in order to be binding.~~

~~This bill would make nonsubstantive changes to those provisions.~~

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 17073.5 of the Revenue and Taxation  
 2     Code is amended to read:

3     17073.5. (a) ~~For taxable years beginning on or after January~~  
 4     1, 2016, a taxpayer may elect to take a standard deduction as  
 5     follows:

6         (1) In the case of a taxpayer, other than a head of a household  
 7     or a surviving spouse (as defined in Section 17046) or a married  
 8     couple filing a joint return, the standard deduction shall be ~~one~~  
 9     ~~thousand eight hundred eighty dollars (\$1,880).~~ *five thousand*  
 10     *fifty-five dollars (\$5,055).*

11         (2) In the case of a head of household or a surviving spouse (as  
 12     defined in Section 17046) or a married couple filing a joint return,  
 13     the standard deduction shall be ~~three thousand seven hundred sixty~~  
 14     ~~dollars (\$3,760).~~ *ten thousand one hundred ten dollars (\$10,110).*

15         (b) The standard deduction provided for in subdivision (a) shall  
 16     be in lieu of all deductions other than those which are to be  
 17     subtracted from gross income in computing adjusted gross income  
 18     under Section 17072.

19         (c) (1) The provisions of this section shall be applied in lieu of  
 20     the provisions of Sections 63(c) and 63(f) of the Internal Revenue  
 21     Code, relating to standard deductions.

22         (2) Notwithstanding paragraph (1), Section 63(c)(5) of the  
 23     Internal Revenue Code, relating to limitations on the standard  
 24     deduction of certain dependents, and ~~Section 63(c)(6) of 63(c)(6)~~  
 25     *of the Internal Revenue Code, relating to certain individuals not*  
 26     eligible for the standard deduction, shall apply, except as otherwise  
 27     provided. For purposes of this paragraph, the amount specified in  
 28     Section 63(c)(5) of the Internal Revenue Code shall be adjusted  
 29     for inflation in accordance with the provisions of Section 63(c)(4)  
 30     of the Internal Revenue Code.

31         (d) For each taxable year beginning on or after January 1, ~~1988,~~  
 32     2017, the Franchise Tax Board shall recompute the standard  
 33     deduction amounts prescribed in subdivision (a). That computation  
 34     shall be made as follows:

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

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

10 (3) The Franchise Tax Board shall multiply the standard  
11 deduction amounts in the preceding taxable year by the inflation  
12 adjustment factor determined in paragraph (2), and round off the  
13 resulting products to the nearest one dollar (\$1).

14 (4) In computing the standard deduction amounts pursuant to  
15 this subdivision, the amount provided in paragraph (2) of  
16 subdivision (a) shall be twice the amount provided in paragraph  
17 (1) of subdivision (a).

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

20 ~~SECTION 1. Section 10208 of the Commercial Code is~~  
21 ~~amended to read:~~

22 ~~10208. (a) An agreement modifying a lease contract does not~~  
23 ~~need consideration to be binding.~~

24 ~~(b) A signed lease agreement that excludes modification or~~  
25 ~~rescission except by a signed writing may not be otherwise~~  
26 ~~modified or rescinded, but, except as between merchants, such a~~  
27 ~~requirement on a form supplied by a merchant shall be separately~~  
28 ~~signed by the other party.~~

29 ~~(c) Although an attempt at modification or rescission does not~~  
30 ~~satisfy the requirements of subdivision (b), it may operate as a~~  
31 ~~waiver.~~

32 ~~(d) A party who has made a waiver affecting an executory~~  
33 ~~portion of a lease contract may retract the waiver by reasonable~~  
34 ~~notification received by the other party that strict performance will~~  
35 ~~be required of any term waived, unless the retraction would be~~  
36 ~~unjust in view of a material change of position in reliance on the~~  
37 ~~waiver.~~