

AMENDED IN SENATE APRIL 27, 2016

SENATE BILL

No. 1103

Introduced by Senator Cannella
(Principal coauthor: Assembly Member Lackey)

February 17, 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

SB 1103, as amended, Cannella. ~~Taxation: Personal income taxes:~~ 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 currently to \$76,518, or less, and in the amount of \$60 for other individuals if adjusted gross income is \$25,000, as adjusted currently to \$38,259, or less.

~~This bill would, bill, for taxable years beginning on and after January 1, 2017, 2016, instead would increase this credit for a qualified renter to \$184 \$200 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 and to \$92 \$100 for other individuals whose adjusted gross income is \$50,000 or less. The bill would require the Franchise Tax Board to annually adjust the adjusted gross income amounts for inflation, beginning January 1, 2018. 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:

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 married couples filing joint returns, heads of household,
7 and surviving spouses, as defined in Section 17046, the credit shall
8 be equal to one hundred twenty dollars (\$120) *for taxable years*
9 *beginning before January 1, 2016, and two hundred dollars (\$200)*
10 *for taxable years beginning on or after January 1, 2016*, if adjusted
11 gross income is fifty thousand dollars (\$50,000) or less.

12 (B) For other individuals, the credit shall be equal to sixty dollars
13 (\$60) *for taxable years beginning before January 1, 2016, and one*
14 *hundred dollars (\$100) for taxable years beginning on or after*
15 *January 1, 2016*, if adjusted gross income is twenty-five thousand
16 dollars (\$25,000) or less.

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

21 (A) If one spouse was a resident for the entire taxable year and
22 the other spouse was a nonresident for part or all of the taxable
23 year, the resident spouse shall be allowed one-half the credit
24 allowed to married persons and the nonresident spouse shall be
25 permitted one-half the credit allowed to married persons, prorated
26 as provided in subdivision (e).

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

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

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

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

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

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

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

12 (2) An individual whose principal place of residence for more
13 than 50 percent of the taxable year is with another person who
14 claimed that individual as a dependent for income tax purposes.

15 (3) An individual who has been granted or whose spouse has
16 been granted the homeowners’ property tax exemption during the
17 taxable year. This paragraph does not apply to an individual whose
18 spouse has been granted the homeowners’ property tax exemption
19 if each spouse maintained a separate residence for the entire taxable
20 year.

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

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

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

33 (h) For purposes of this section, “premises” means a house or
34 a dwelling unit used to provide living accommodations in a
35 building or structure and the land incidental thereto, but does not
36 include land only, unless the dwelling unit is a mobilehome. The
37 credit is not allowed for any taxable year for the rental of land
38 upon which a mobilehome is located if the mobilehome has been
39 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, the Franchise Tax Board shall recompute the adjusted gross income amounts set forth in 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 the portion of the percentage change figure which is furnished pursuant to paragraph (1) and dividing the result by 100.

(3) The Franchise Tax Board shall multiply the amount in subparagraph (B) of paragraph (1) of subdivision (d) 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).

~~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, 2017:~~

~~(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, 2017:~~

1 (i) For married couples filing joint returns, heads of household,
2 and surviving spouses, as defined in Section 17046, the credit shall
3 be equal to one hundred eighty-four dollars (\$184) if adjusted gross
4 income is one hundred thousand dollars (\$100,000) or less.

5 (ii) For other individuals, the credit shall be equal to ninety-two
6 dollars (\$92) if adjusted gross income is fifty thousand dollars
7 (\$50,000) or less.

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

12 (A) If one spouse was a resident for the entire taxable year and
13 the other spouse was a nonresident for part or all of the taxable
14 year, the resident spouse shall be allowed one-half the credit
15 allowed to married persons and the nonresident spouse shall be
16 permitted one-half the credit allowed to married persons, prorated
17 as provided in subdivision (e).

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

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

25 (e) For purposes of this section, a “qualified renter” means an
26 individual who satisfies both of the following:

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

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

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

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

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

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

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

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

~~(g) The credit provided in this section shall be claimed on returns in the form as the Franchise Tax Board may from time to time 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, 2017, and for each taxable year beginning on or after January 1, 2018, 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~~

1 prior calendar year to June of the current year, no later than August
2 1 of the current calendar year.

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

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

11 ~~(4) (A) In computing the amounts pursuant to this subdivision,~~
12 ~~the amounts provided in clause (i) of subparagraph (A) of~~
13 ~~paragraph (1) of subdivision (a) shall be twice the amount provided~~
14 ~~in clause (ii) of subparagraph (A) of paragraph (1) of subdivision~~
15 ~~(a).~~

16 ~~(B) In computing the amounts pursuant to this subdivision, the~~
17 ~~amounts provided in clause (i) of subparagraph (B) of paragraph~~
18 ~~(1) of subdivision (a) shall be twice the amount provided in clause~~
19 ~~(ii) of subparagraph (B) of paragraph (1) of subdivision (a).~~

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