

AMENDED IN SENATE MAY 11, 2016

AMENDED IN SENATE APRIL 25, 2016

SENATE BILL

No. 1148

Introduced by Senator Stone

February 18, 2016

An act to repeal and add Section 17204.7 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1148, as amended, Stone. Personal income taxes: deductions: qualified tuition.

The Personal Income Tax ~~Law~~, *Law* does not conform to a provision of federal income tax law that for taxable years beginning before January 1, 2015, allows a deduction from gross income for the taxable year in an amount equal to qualifying tuition and related expenses paid by the taxpayer during the taxable year, not to exceed \$4,000, for enrollment or attendance by the taxpayer, the taxpayer's spouse, or the taxpayer's dependent at any accredited postsecondary institution. That law provides for a phaseout at certain modified adjusted gross income levels.

This bill, for taxable years beginning on or after January 1, 2016, and before January 1, 2021, would conform to that federal law with modifications, including modifications to the amount of the deduction and the phaseout. *termination date*.

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 17204.7 of the Revenue and Taxation
2 Code is repealed.

3 SEC. 2. Section 17204.7 is added to the Revenue and Taxation
4 Code, to read:

5 17204.7. (a) For taxable years beginning on or after January
6 1, 2016, and before January 1, 2021, Section 222 of the Internal
7 Revenue Code, relating to qualified tuition and related expenses,
8 is modified as follows:

9 (1) The term “Secretary” shall be replaced by the term
10 “Franchise Tax Board.”

11 ~~(2) The applicable dollar limit shall be determined as follows:~~

12 ~~(A) In the case of a taxpayer whose adjusted gross income for~~
13 ~~the taxable year does not exceed one hundred twenty-five thousand~~
14 ~~dollars (\$125,000) or two hundred fifty thousand dollars (\$250,000)~~
15 ~~in the case of a joint return, ten thousand dollars (\$10,000) per~~
16 ~~individual.~~

17 ~~(B) In the case of any other taxpayer, zero.~~

18 ~~(C) For taxable years beginning on or after January 1, 2017, the~~
19 ~~amounts specified in subparagraph (A) shall be recomputed~~
20 ~~annually in the same manner as the recomputation of income tax~~
21 ~~brackets under subdivision (h) of Section 17041.~~

22 ~~(3)~~

23 (2) Section 222(e) of the Internal Revenue Code, relating to
24 termination, shall not apply.

25 (b) This section shall remain in effect only until December 1,
26 2021, and as of that date is repealed.

27 SEC. 3. This act provides for a tax levy within the meaning of
28 Article IV of the California Constitution and shall go into
29 immediate effect.

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