

AMENDED IN ASSEMBLY MAY 4, 2000
AMENDED IN ASSEMBLY MARCH 30, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2281

**Introduced by Assembly Members Alquist, Shelley, Leach,
and Jackson**

February 24, 2000

An act to amend Section 17072 of, and to add Section 17205 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2281, as amended, Alquist. Income taxes: deduction: long-term care insurance.

The Personal Income Tax Law allows various deductions in computing income that is subject *to* tax.

This bill would, in computing adjusted gross income, allow a deduction, for each taxable year beginning on or after January 1, 2002, in an amount equal to the applicable percentage of the amount paid or incurred for the cost of long-term care insurance for the taxpayer and his or her spouse and dependents.

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 17072 of the Revenue and
2 Taxation Code is amended to read:

3 17072. (a) Section 62 of the Internal Revenue Code,
4 relating to adjusted gross income defined, shall apply,
5 except as otherwise provided.

6 (b) The amendments to Section 62 of the Internal
7 Revenue Code, made by Section 13213 of the Revenue
8 Reconciliation Act of 1993 (P.L. 103-66), relating to
9 modifications to deduction for moving expenses, shall
10 apply to taxable years beginning on or after January 1,
11 1996.

12 (c) The deduction allowed by Section 17204, relating
13 to interest on education loans, shall be allowed in
14 computing adjusted gross income.

15 (d) The deduction allowed by Section 17205, relating
16 to long-term care insurance, shall be allowed in
17 computing adjusted gross income.

18 SEC. 2. Section 17205 is added to the Revenue and
19 Taxation Code, to read:

20 17205. (a) For each taxable year beginning on or
21 after January 1, 2002, there shall be allowed as a deduction
22 an amount equal the applicable percentage of the
23 amount paid or incurred by the taxpayer during the
24 taxable year for the cost of long-term care insurance for
25 the taxpayer, the taxpayer’s spouse, and the taxpayer’s
26 dependents.

27 (b) For purposes of this section, “applicable
28 percentage” means:

29 (1) Twenty-five percent for any taxable year
30 beginning on or after January 1, 2002, and before January
31 1, 2003.

32 (2) Forty percent for any taxable year beginning on or
33 after January 1, 2003, and before January 1, 2004.

34 (3) Fifty-five percent for any taxable year beginning
35 on or after January 1, 2004, and before January 1, 2005.

36 (4) Seventy percent for any taxable year beginning on
37 or after January 1, 2005, and before January 1, 2006.



1 (5) Eighty-five percent for any taxable year beginning
2 on or after January 1, 2006, and before January 1, 2007.

3 (6) One hundred percent for any taxable year
4 beginning on or after January 1, 2007.

5 (c) No deduction shall be allowed by this section for
6 any taxable year for which the taxpayer's employer paid
7 or incurred more than 50 percent of the cost of the
8 long-term care insurance.

9 (d) No deduction shall be allowed by this section for
10 any taxable year for which the taxpayer's adjusted gross
11 ~~income exceeds one hundred thousand dollars (\$100,000)~~
12 ~~in the case of an individual and two hundred thousand~~
13 ~~dollars (\$200,000) in the case of a married couple filing a~~
14 ~~joint return.~~ *income, without regard to the deduction*
15 *allowable under this section, exceeds two hundred*
16 *thousand dollars (\$200,000) in the case of married filing*
17 *joint taxpayers and one hundred thousand dollars*
18 *(\$100,000) in the case of all other taxpayers.*

19 (e) The deduction allowed by this section shall be in
20 lieu of any deduction or credit otherwise allowed by this
21 part for those costs for which a deduction is allowed by
22 this section.

23 ~~SEC. 2.—~~

24 *SEC. 3.* This act provides for a tax levy within the
25 meaning of Article IV of the Constitution and shall go into
26 immediate effect.

