

ASSEMBLY BILL

No. 1735

Introduced by Assembly Member Harkey

February 4, 2010

An act to add Sections 17053.13 and 23623.2 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1735, as introduced, Harkey. Income tax credits: education and training.

The Personal Income Tax Law and the Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill would, for each taxable year beginning on or after January 1, 2010, allow a credit under both laws in an amount equal to 50% of the amount of costs paid or incurred in connection with additional education and training for purposes of career advancement or retention, as specified.

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. This act shall be known and may be cited as the
- 2 Back to School Tax Credit.
- 3 SEC. 2. Section 17053.13 is added to the Revenue and Taxation
- 4 Code, to read:
- 5 17053.13. (a) There shall be allowed as a credit against the
- 6 "net tax," as defined in Section 17039, an amount equal to 50

1 percent of the costs paid or incurred by the taxpayer during the
2 taxable year for education and training.

3 (b) For purposes of this section “education and training” means
4 both of the following:

5 (1) Education or training provided to the taxpayer’s employees
6 to maintain or improve a skill required for the taxpayer’s trade or
7 business.

8 (2) Education and training provided to the taxpayer in order to
9 comply with the express requirements imposed by the taxpayer’s
10 employer or by laws or regulations as a condition of the taxpayer’s
11 retention of an established employment relationship, status, or rate
12 of compensation.

13 (c) In the case where the credit allowed by this section exceeds
14 the “next tax,” the excess may be carried over to reduce the “next
15 tax” in the following year, and succeeding years if necessary, until
16 the credit is exhausted.

17 (d) No deduction shall be allowed to a taxpayer for the amount
18 of qualified expenses for which a credit is allowed to that taxpayer
19 under this section.

20 SEC. 3. Section 23623.2 is added to the Revenue and Taxation
21 Code, to read:

22 23623.2. (a) There shall be allowed as a credit against the
23 “tax,” as defined in Section 23036, an amount equal to 50 percent
24 of the costs paid or incurred by the taxpayer during the taxable
25 year for the education and training.

26 (b) For purposes of this section “education and training” means
27 both of the following:

28 (1) Education or training provided to the taxpayer’s employees
29 to maintain or improve a skill required for the taxpayer’s trade or
30 business.

31 (2) Education and training provided to the taxpayer in order to
32 comply with the express requirements imposed by the taxpayer’s
33 employer or by laws or regulations as a condition of the taxpayer’s
34 retention of an established employment relationship, status, or rate
35 of compensation.

36 (c) In the case where the credit allowed by this section exceeds
37 the “tax,” the excess may be carried over to reduce the “tax” in
38 the following year, and succeeding years if necessary, until the
39 credit is exhausted.

1 (d) No deduction shall be allowed to a taxpayer for the amount
2 of qualified expenses for which a credit is allowed to that taxpayer
3 under this section.

4 SEC. 4. This act provides for a tax levy within the meaning of
5 Article IV of the Constitution and shall go into immediate effect.

O