SENATE BILL No. 49

Introduced by Senator Dutton

January 13, 2009

An act to add and repeal Section 17059 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 49, as introduced, Dutton. Income tax credit: qualified principal residence.

The Personal Income Tax Law authorizes various credits against the taxes imposed by that law.

This bill would allow a credit for the purchase during a specified period of a qualified principal residence, as defined, in an amount equal to that portion of the purchase price that does not exceed $10,000, as provided.

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:

SECTION 1. Section 17059 is added to the Revenue and Taxation Code, to read:

17059. (a) (1) In the case of any individual who is a purchaser of a qualified principal residence during the taxable year, there shall be allowed as a credit against the "net tax," as defined in Section 17039, an amount equal to that portion of the purchase price of the residence that does not exceed ten thousand dollars ($10,000).

(2) The amount of the credit allowed under paragraph (1) shall be equally divided among the three taxable years beginning with the taxable year in which the purchase of the qualified principal residence is made.

(b) (1) The credit under this section shall be allowed only with respect to purchases made on or after March 1, 2009, and before March 1, 2010.

(2) The credit under this section shall be allowed only for one purchase of a qualified principal residence with respect to any individual.

(c) For purposes of this section:

(1) "Qualified principal residence" means a new or previously unoccupied single-family residence, whether detached or attached, that is purchased to be the principal residence of the purchaser for a minimum of one year.

(2) No credit shall be allowed under this section unless the taxpayer submits a certification by the seller of the residence that the residence is a new or previously unoccupied single-family residence.

(3) Any credit allowed by this section shall be disallowed, and shall be recaptured in accordance with rules established by the Franchise Tax Board, if the individual does not occupy the qualified principal residence as his or her principal residence for at least one year during the period that this section is in effect.

(d) (1) In the case of two married individuals filing separately, subdivision (a) shall be applied to each individual by substituting five thousand dollars ($5,000) for ten thousand dollars ($10,000) in subdivision (a).

(2) If two or more individuals who are not married purchase a qualified principal residence, the amount of the credit allowed under subdivision (a) shall be allocated among the individuals in the same manner as each individual's percentage of ownership, except that the total amount of the credits allowed to all of those individuals shall not exceed ten thousand dollars ($10,000).

(e) This section shall remain in effect only until December 1, 2013, and as of that date is repealed.

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

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