

ASSEMBLY BILL

No. 1974

**Introduced by Assembly Member Dickinson
(Coauthor: Assembly Member Allen)**

February 23, 2012

An act to add Section 17052.1 to the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1974, as introduced, Dickinson. Income taxes: credit: earned income.

The Personal Income Tax Law authorizes various credits against the taxes imposed by that law, including certain credits that are allowed in modified conformity to credits allowed by federal income tax laws.

This bill would, for taxable years beginning on or after January 1, 2013, allow a credit computed by multiplying the federal credit amount, as defined, by 15% and subtracting therefrom the alternative minimum tax, as specified. This bill would provide that the credit would be refundable.

The Tax Relief and Refund Account in the General Fund is continuously appropriated to make all payments required to be made to taxpayers or other persons, as specified.

By authorizing a new, refundable income tax credit to be paid from that account, this bill would make an appropriation.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 17052.1 is added to the Revenue and Taxation Code, to read:

17052.1. (a) For each taxable year beginning on or after January 1, 2013, there shall be allowed as a credit against the “net tax,” as defined by Section 17039, an amount determined under subdivision (b).

(b) Except as otherwise provided in this section, the amount of the credit allowed under subdivision (a) shall be computed by multiplying the “federal credit amount,” as defined in subdivision (c), by 15 percent and subtracting therefrom the amount of tax imposed by Section 17062, relating to the alternative minimum tax, if any, for the same taxable year.

(c) For purposes of this section, “federal credit amount” means the amount determined under Section 32 of the Internal Revenue Code as in effect on January 1, 2012.

(d) A credit shall not be allowed under this section to any of the following:

(1) Any person who is a nonresident for any portion of the taxable year.

(2) Any person who is married, within the meaning of Section 17021.5, and files a separate return for the taxable year.

(e) If the amount allowable as a credit under this section exceeds the tax liability computed under this part, the excess shall be credited against other amounts due, if any, and the balance, if any, shall be paid from the Tax Relief and Refund Account and refunded to the taxpayer.

(f) Any credit refunded to a taxpayer pursuant to this section shall not be included in income subject to tax under this part.

(g) Notwithstanding any other state law, and to the extent permitted by federal law, amounts refunded pursuant to subdivision (e) shall be treated the same as the federal credit defined in subdivision (c) for the purpose of determining eligibility to receive benefits under Division 9 (commencing with Section 10000) of the Welfare and Institutions Code or amounts of those benefits.