

ASSEMBLY BILL

No. 1079

Introduced by Assembly Member Beall

February 18, 2011

An act to add Section 17053.51 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1079, as introduced, Beall. Personal income taxes: credit: higher education.

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

This bill would, for each taxable year beginning on or after January 1, 2011, allow a credit of up to \$500 per eligible student for qualified costs, as defined, paid or incurred by a qualified taxpayer, as defined, at a qualified educational institution, as defined, on behalf of the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer. The credit would be limited for all taxable years to a total of \$2,000 per eligible student.

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 17053.51 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17053.51. (a) For each taxable year beginning on or after
- 4 January 1, 2011, there shall be allowed as a credit against the "net

1 tax,” as defined in Section 17039, an amount equal to the qualified
2 costs paid or incurred by the qualified taxpayer at a qualified
3 educational institution, not to exceed five hundred dollars (\$500)
4 per eligible student for each taxable year.

5 (b) For purposes of this section:

6 (1) “Course materials” means books, supplies, and equipment
7 needed for a course of study, whether or not the materials are
8 purchased from the qualified educational institution as a condition
9 of enrollment or attendance.

10 (2) “Eligible student” means the taxpayer, the taxpayer’s spouse,
11 or any dependent of the taxpayer.

12 (3) “Qualified costs” means tuition and fees required for
13 enrollment or attendance of an eligible student at a qualified
14 educational institution and expenditures for course materials.

15 (4) “Qualified educational institution” means the University of
16 California or the California State University.

17 (5) “Qualified taxpayer” means a taxpayer who pays or incurs
18 qualified costs at any qualified educational institution during the
19 taxable year and who has a modified adjusted gross income for
20 that taxable year of at least eighty thousand one dollars (\$80,001)
21 and not more than one hundred thousand dollars (\$100,000) for
22 an individual or married persons filing joint returns.

23 (c) The credit under this section for all taxable years shall not
24 exceed an aggregate amount of two thousand dollars (\$2,000) per
25 each eligible student.

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