

AMENDED IN ASSEMBLY AUGUST 13, 2013

AMENDED IN SENATE MAY 30, 2013

AMENDED IN SENATE MAY 28, 2013

AMENDED IN SENATE MAY 28, 2013

AMENDED IN SENATE MARCH 6, 2013

SENATE BILL

No. 30

Introduced by Senator Calderon
(Principal coauthor: Senator Anderson)
(Coauthors: Senators Block, Correa, Evans, Fuller, Lieu, and Price)
(Coauthor: Assembly Member Harkey)

December 3, 2012

An act to amend Section 17144.5 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 30, as amended, Calderon. Taxation: cancellation of indebtedness: mortgage debt forgiveness.

The Personal Income Tax Law conforms to specified provisions of the federal Mortgage Forgiveness Debt Relief Act of 2007, relating to the exclusion of the discharge of qualified principal residence indebtedness, as defined, from a taxpayer's income if that debt is discharged after January 1, 2007, and before January 1, 2010, as provided. The federal Emergency Economic Stabilization Act of 2008 extended the operation of those provisions to debt that is discharged before January 1, 2013.

This bill would extend the operation of the exclusion of the discharge of qualified principal residence indebtedness to debt that is discharged on or after January 1, 2013, and before January 1, 2014. The bill would become operative only if SB 391 is enacted and takes effect.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. 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 17144.5 of the Revenue and Taxation
2 Code is amended to read:
3 17144.5. (a) Section 108(a)(1)(E) of the Internal Revenue
4 Code is modified ~~as follows:~~ *to provide that the amount excluded*
5 *from gross income shall not exceed \$500,000 (\$250,000 in the*
6 *case of a married individual filing a separate return).*
7 ~~(1) To provide that the amount excluded from gross income~~
8 ~~shall not exceed \$500,000 (\$250,000 in the case of a married~~
9 ~~individual filing a separate return):~~
10 ~~(2) By substituting the phrase “January 1, 2014” for the phrase~~
11 ~~“January 1, 2013” contained therein.~~
12 (b) Section 108(h)(2) of the Internal Revenue Code, is modified
13 by substituting the phrase “(within the meaning of section
14 163(h)(3)(B), applied by substituting ‘\$800,000 (\$400,000’ for
15 ‘\$1,000,000 (\$500,000’ in clause (ii) thereof)” for the phrase
16 “(within the meaning of section 163(h)(3)(B), applied by
17 substituting ‘\$2,000,000 (\$1,000,000’ for ‘\$1,000,000 (\$500,000’
18 in clause (ii) thereof)” contained therein.
19 (c) *The amendments made by Section 202 of the American*
20 *Taxpayer Relief Act of 2012 (Public Law 112-240) to Section 108*
21 *of the Internal Revenue Code shall apply.*
22 (e)
23 (d) This section shall apply to discharges of indebtedness
24 occurring on or after January 1, 2007, and, notwithstanding any
25 other law to the contrary, no penalties or interest shall be due with
26 respect to the discharge of qualified principal residence
27 indebtedness during the 2007 or 2009 taxable year regardless of
28 whether or not the taxpayer reports the discharge on his or her
29 return for the 2007 or 2009 taxable year.

1 ~~(d)~~

2 (e) The amendments made to this section by the act adding this
3 subdivision shall apply to discharges occurring on or after January
4 1, 2013.

5 SEC. 2. This act shall become operative only if Senate Bill
6 391 of the 2013–14 Regular Session is enacted and takes effect.

7 SEC. 3. This act is an urgency statute necessary for the
8 immediate preservation of the public peace, health, or safety within
9 the meaning of Article IV of the Constitution and shall go into
10 immediate effect. The facts constituting the necessity are:

11 In order to provide tax relief to distressed homeowners at the
12 earliest possible time, it is necessary for this act to take effect
13 immediately.

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