

Introduced by Senator Stone

February 18, 2016

An act to amend Section 17072 of, and to add Section 17206.2 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1148, as introduced, Stone. Personal income taxes: deductions: education expenses.

The Personal Income Tax Law, in modified conformity with federal income tax laws, allows various deductions from gross income in computing adjusted gross income under that law, including deductions for payments to individual retirement accounts, alimony payments, and interest on educational loans.

This bill, for taxable years beginning on or after January 1, 2016, would allow a deduction in computing adjusted gross income for those amounts paid or incurred by a qualified taxpayer, as defined, during the taxable year for qualified education expenses, 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:

- 1 SECTION 1. Section 17072 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 17072. (a) Section 62 of the Internal Revenue Code, relating
- 4 to adjusted gross income defined, shall apply, except as otherwise
- 5 provided.

(b) Section 62(a)(2)(D) of the Internal Revenue Code, relating to certain expenses of elementary and secondary school teachers, shall not apply.

(c) Section 62(a)(21) of the Internal Revenue Code, relating to attorneys fees relating to awards to whistleblowers, shall not apply.

(d) Section 62(a) of the Internal Revenue Code is modified to provide that the deduction under Section 17206.2 shall be allowed in determining adjusted gross income.

SEC. 2. Section 17206.2 is added to the Revenue and Taxation Code, to read:

17206.2. (a) For taxable years beginning on or after January 1, 2016, there shall be allowed as a deduction the amount paid or incurred by a qualified taxpayer during the taxable year for qualified education expenses at a public four-year university or community college.

(b) For the purposes of this section, both of the following apply:

(1) “Qualified education expenses” means both of the following:

(A) Costs of attendance that include, but are not limited to, payments for books, supplies, equipment, tuition, and fees, and similar payments.

(B) Payments of principal of a qualified education loan, as defined in Section 221 of the Internal Revenue Code, relating to interest on education loans.

(2) “Qualified taxpayer” means an individual who pays or incurs qualified education expenses during the taxable year for any natural person including, but not limited to, the taxpayer, the taxpayer’s spouse, or any dependent of the taxpayer and who has a federal adjusted gross income of two hundred fifty thousand dollars (\$250,000) or less during the taxable year in which those expenses are paid or incurred.

(c) For each taxable year beginning on or after January 1, 2017, the Franchise Tax Board shall recompute the federal adjusted gross income limitation described in paragraph (2) of subdivision (b). That computation shall be made in the same manner as described in subdivision (h) of Section 17041.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.