



State of California
Franchise Tax Board

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California Income Tax Expenditures Compendium of Individual Provisions

Report for 2011 Tax Year Data

Economic and Statistical Research Bureau

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Overview

We first published the California Income Tax Expenditures Report in 2003. The report includes only tax expenditures found in the California corporation tax and the California personal income tax (PIT) law.

Tax expenditures, as defined by federal law, are “revenue losses attributable to provisions of the federal tax laws that allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability.” According to the federal Joint Committee on Taxation (JCT), legislative history dictates tax expenditures to be defined with respect to a “normal income tax structure.” This same concept of tax code provisions, which reduce federal tax relative to normal tax law, applies to California tax law.

We present the tax expenditures alphabetically within this report in four categories: Credits, Deductions, Elections, and Exclusions.

Figures 1, 2, and 3 summarize the costs and policy goals of the expenditure items. Figure 1 lists items that do not conform to federal income tax laws. Figure 2 lists items that conform to federal income tax laws. Figures 1 and 2 list the expenditures according to their impact on state revenue. Figure 3 presents the usage of carryover credits from expired tax expenditures in alphabetical order.

Figure 1: Estimates of State Revenue Loss for Nonconformity Items
(\$ In Millions - Rounded)

| Nonconformity Items | Tax Year 2011 Total Number of Returns | | Tax Year 2011 Revenue | Estimated Revenue by Fiscal Year | | |
|---|---|-------------|-----------------------------|-------------------------------------|-------|-------|
| | Personal Income Tax | Corporation | | 13/14 | 14/15 | 15/16 |
| Social Security Benefits Exclusion** | 1,528,979 | | 2,300 | 3,000 | 3,200 | 3,400 |
| Research and Development (R&D) Expenses Credit | 5,245 | 3,297 | 1,900 | 1,500 | 1,600 | 1,800 |
| Apportionment Formulas: | | | | | | |
| Single Sales Factor | | 7,233 | 1,000 | 60 | NA | NA |
| Double-Weighted Sales Factor | | 71,439 | 270 | 17 | NA | NA |
| Dependent Exemption Credit in Excess of Personal Exemption Credit | 6,306,660 | | 1,100 | 1,200 | 1,300 | 1,400 |
| Water's-Edge Election | | 11,405 | 1,000 | 750 | 800 | 850 |
| Enterprise Zones and Similar Areas | 31,395 | 6,292 | 900 | 950 | 750 | 500 |
| Unemployment Insurance Benefits Exclusion | 1,599,284 | | 310 | 220 | 160 | 150 |
| Senior Exemption Credit | 2,288,860 | | 190 | 210 | 220 | 230 |
| Nonresident Military Pay Exclusion | 60,365 | | 110 | 120 | 120 | 120 |
| Renter's Credit | 1,456,969 | | 100 | 110 | 110 | 110 |
| Federal Government Obligation Interest Exclusion | 222,067 | | 75 | 90 | 100 | 120 |
| Low-Income Housing Expenses Credit | 322 | 34 | 65 | 50 | 55 | 60 |
| State Lottery Winnings Exclusion | 8,745 | | 42 | 90 | 90 | 95 |
| Child and Dependent Care Expenses Credit (Non-Refundable Credit) | 187,665 | | 34 | 35 | 37 | 38 |
| Homebuyer Credits: | | | | | | |
| 2010 First-Time Buyer Credit | 13,803 | | 27 | NA | NA | NA |
| 2010 New Homebuyer Credit | 9,871 | | 21 | 2 | NA | NA |
| 2009 New Homebuyer Credit | 5,981 | | 13 | NA | NA | NA |
| New Jobs Tax Credit 2009 | 8,870 | 2,929 | 32 | 36 | 24 | 17 |
| Small Business Stock Capital Gain Exclusion*** | | | 19 | 28 | 11 | 2 |
| Credit Union Treatment | | | 18 | 55 | 85 | 95 |
| Motion Picture Credit | | | 11 | 65 | 70 | 75 |
| Limited Partnership Investment Source Rules | | | 5 | 9 | 9 | 8 |
| Community Development | 113 | 6 | 3 | 1 | 3 | 4 |

| Nonconformity Items | Tax Year 2011 Total Number of Returns | | Tax Year 2011 Revenue | Estimated Revenue by Fiscal Year | | |
|---|---|-------------|-----------------------------|-------------------------------------|--------------|--------------|
| | Personal Income Tax | Corporation | | 13/14 | 14/15 | 15/16 |
| Financial Institutions Credit | | | | | | |
| Employer Childcare Credits | 4,353 | 62 | 3 | 1 | minor | minor |
| Blind Exemption Credit | 30,021 | | 1 | 1 | 2 | 2 |
| Child Adoption Expenses Credit | 978 | | 1 | 1 | 1 | 1 |
| Enhanced Oil Recovery Costs Credit | 15 | 8 | 1 | 1 | 1 | 1 |
| Joint Custody Head of Household Credit | 5,194 | | 1 | 2 | 2 | 2 |
| Qualified Senior Head of Household Credit | 2,516 | | 1 | 1 | 1 | 1 |
| Dependent Parent Credit | 232 | | minor | minor | minor | minor |
| Disabled Access Expenditure Credit | 448 | 134 | minor | minor | minor | minor |
| Natural Heritage Preservation Credit | | * | minor | minor | minor | minor |
| Prison Inmate Labor Costs Credit | 10 | * | minor | minor | minor | minor |
| Transportation of Donated Agricultural Products Credit | 23 | 0 | minor | minor | minor | minor |
| Total (in millions) | | | 9,553 | 8,605 | 8,751 | 9,081 |

Not applicable is indicated as NA.

A minor impact is less than \$500,000.

Estimates more than \$500,000 and less than \$50 million are rounded to the nearest \$1 million.

Estimates more than \$50 million and less than \$100 million are rounded to the nearest \$5 million.

Estimates more than \$100 million and less than \$500 million are rounded to the nearest \$10 million.

Estimates more than \$500 million and less than \$1 billion are rounded to the nearest \$50 million.

Estimates more than \$1 billion and less than \$5 billion are rounded to the nearest \$100 million.

Estimates more than \$5 billion and less than \$10 billion are rounded to the nearest \$500 million.

Estimates more than \$10 billion are rounded to the nearest \$1 billion.

*The number of returns cannot be disclosed due to state privacy rules.

** Only some portions of social security income are required to be reported on federal tax returns. The number of returns reported here represents the number of Californians with social security income reported on their federal tax return. The tax impact for this exclusion includes social security income taxed for federal purposes but not taxed for California, and social security income not taxable at the federal level and not reported on the federal or California tax return.

***The provision is not available to taxpayers for transactions after 1/1/13.

Figure 2: Estimates of State Revenue Loss for Conformity Items
(\$ In Millions - Rounded)

| Conformity Items | Tax Year 2011 Total Number of Returns | | Tax Year 2011 Revenue | Estimated Revenue by Fiscal Year | | |
|---|---|-------------|-----------------------------|-------------------------------------|-------|-------|
| | Personal Income Tax | Corporation | | 13/14 | 14/15 | 15/16 |
| Employer Contributions to Accident and Health Plans Exclusion | | | 4,000 | 5,500 | 5,500 | 6,000 |
| Mortgage Interest Deduction | 4,354,951 | | 4,000 | 4,400 | 4,700 | 5,000 |
| Employer Contributions to Pension Plans Exclusion | | | 3,200 | 3,100 | 3,600 | 4,700 |
| Basis Step-up on Inherited Property | | | 3,000 | 2,600 | 2,400 | 2,600 |
| Sale of Principal Residence Capital Gain Exclusion | | | 2,000 | 2,400 | 2,600 | 2,900 |
| Charitable Contribution Deduction | 4,676,231 | 165,946 | 1,600 | 2,000 | 2,200 | 2,300 |
| Real Property Tax Deduction | 4,721,038 | | 1,400 | 1,600 | 1,800 | 1,900 |
| Cafeteria Plan Benefits Exclusion | | | 1,100 | 1,300 | 1,400 | 1,400 |
| Employee Business and Miscellaneous Expense Deduction | 1,932,996 | | 1,000 | 1,200 | 1,300 | 1,400 |
| Life Insurance and Annuity Contract Proceeds Exclusion | | | 1,000 | 1,100 | 1,100 | 1,100 |
| State and Local Government Obligation Interest Exclusion | | | 900 | 1,100 | 1,100 | 1,100 |
| Head of Household and Qualifying Widow(er) Filing Status | 2,320,208 | | 800 | 900 | 1,000 | 1,100 |
| Self-Employed Retirement Plans | | | 470 | 270 | 360 | 440 |
| Individual Retirement Accounts | | | 370 | 600 | 650 | 750 |
| Depreciation Amounts Beyond Economic Depreciation | | | 340 | 410 | 430 | 450 |
| Medical and Dental Expense Deduction | 1,195,582 | | 310 | 440 | 480 | 550 |
| Miscellaneous Fringe Benefits Exclusion | | | 230 | 270 | 280 | 290 |
| Self-Employed Health Insurance Premium Deduction | 543,173 | | 220 | 310 | 330 | 350 |
| Transportation Related Fringe Benefit Exclusion | | | 170 | 180 | 190 | 190 |
| Tax-Exempt Status for Qualifying Corporations | | 200,749 | 160 | 160 | 170 | 170 |
| Like-Kind Exchange Capital Gain Deferral | | | 140 | 600 | 800 | 850 |

| Conformity Items | Tax Year 2011 Total Number of Returns | | Tax Year 2011 Revenue | Estimated Revenue by Fiscal Year | | |
|--|---|-------------|-----------------------------|-------------------------------------|-------|-------|
| | Personal Income Tax | Corporation | | 13/14 | 14/15 | 15/16 |
| Personal Property and Other Tax Deductions | 4,152,787 | | 120 | 140 | 150 | 160 |
| Accelerated Depreciation of Research and Experimental Costs | | | 110 | 120 | 120 | 140 |
| Scholarship, Fellowship, and Grant Income Exclusion | | | 80 | 95 | 100 | 110 |
| Employee Child and Dependent Care Benefit Exclusion | | | 65 | 70 | 75 | 75 |
| Employer Contributions for Life Insurance Exclusion | | | 65 | 110 | 120 | 120 |
| Injury and Sickness Compensation Exclusion | | | 55 | 60 | 60 | 65 |
| Employer Provided Meals and Lodging Exclusion | | | 43 | 70 | 75 | 80 |
| Employer Provided Education Assistance Exclusion | | | 41 | 55 | 55 | 55 |
| Student Loan Interest Deduction | 820,630 | | 41 | 60 | 65 | 70 |
| Mortgage Debt Cancellation Income Exclusion | | | 37 | 1 | NA | NA |
| Employee Stock Ownership Plans (ESOP) | | | 30 | 26 | 25 | 24 |
| Clergy Housing Exclusion | | | 25 | 27 | 29 | 30 |
| Moving Expense Deduction | 165,208 | | 24 | 27 | 28 | 30 |
| Percentage Resource Depletion Allowance Deduction | | | 23 | 25 | 28 | 33 |
| Section 529 Account Interest Exclusion | | | 21 | 30 | 36 | 44 |
| Foster Care Payment Exclusion | | | 14 | 15 | 15 | 15 |
| Casualty Loss Deduction | 8,053 | | 7 | 15 | 16 | 16 |
| Reforestation Expenditure Amortization | | | 7 | 6 | 6 | 6 |
| Timber Growing Costs Expensing | | | 7 | 7 | 8 | 9 |
| Coverdell Education Savings Accounts Earnings Exclusion | | | 3 | 4 | 4 | 4 |
| Agricultural Soil or Water Conservation and Prevention of Erosion Cost Expensing | | | 2 | 3 | 4 | 4 |
| Allowance for Bad Debts Deduction | | | minor | minor | minor | minor |
| Circulation of Periodicals Cost Expensing | | | minor | minor | minor | minor |

| Conformity Items | Tax Year 2011 Total Number of Returns | | Tax Year 2011 Revenue | Estimated Revenue by Fiscal Year | | |
|---|---|-------------|-----------------------------|-------------------------------------|---------------|---------------|
| | Personal Income Tax | Corporation | | 13/14 | 14/15 | 15/16 |
| Cost Share Payments by Forest Landowners Exclusion | | | minor | minor | minor | minor |
| Medical Savings Account Deduction | | | minor | minor | minor | minor |
| Total (in millions) | | | 27,230 | 31,406 | 33,409 | 36,630 |

Not applicable is indicated as NA.

A minor impact is less than \$500,000.

Estimates more than \$500,000 and less than \$50 million are rounded to the nearest \$1 million.

Estimates more than \$50 million and less than \$100 million are rounded to the nearest \$5 million.

Estimates more than \$100 million and less than \$500 million are rounded to the nearest \$10 million.

Estimates more than \$500 million and less than \$1 billion are rounded to the nearest \$50 million.

Estimates more than \$1 billion and less than \$5 billion are rounded to the nearest \$100 million.

Estimates more than \$5 billion and less than \$10 billion are rounded to the nearest \$500 million.

Estimates more than \$10 billion are rounded to the nearest \$1 billion.

Figure 3: Usage of Carryover Credits from Expired Tax Expenditures

| Former R&TC Sections | Credit | Sunset (Repeal Date) ¹ | Tax Year 2010 | | Tax Year 2011 | |
|---|--------------------------------------|-----------------------------------|---------------------|-------------|---------------------|-------------|
| | | | Personal Income Tax | Corporation | Personal Income Tax | Corporation |
| | | | (\$ Thousands) | | (\$ Thousands) | |
| 17053.12, 23608 | Agriculture Production Food Donation | 11/30/92 | 62 | * | 17 | 2 |
| 17052.5, 23601.5 | Commercial Solar Electric System | 12/31/93 | 22 | 50 | 20 | * |
| 17052.4, 23601.4 | Commercial Solar Energy | 12/31/88 | 77 | 13 | 46 | 2 |
| 17052.4, 17052.8, 23601.5 | Energy Conservation | 12/31/86 | 1,636 | 168 | 1,244 | 57 |
| 17053.14, 23608.2 | Farmworker Housing Credit | 12/31/08 | 13 | * | 17 | * |
| 17053.37, 23636 | Joint Strike Fighter Property | 01/01/06 | 1 | * | * | * |
| 17053.36, 23636 | Joint Strike Fighter Wages | 01/01/06 | 9 | 41 | 7 | 21 |
| 17053.80 | Long-Term Caregiver | 01/01/05 | * | NA | * | NA |
| 17053.10, 17053.17, 23623.5, 23625, 17052.15, 23612.6 | Los Angeles Revitalization Zone | 12/31/97 | 2,016 | 3,465 | 1,495 | 5,073 |
| 17052.11, 23603 | Low Emission | 12/31/95 | 228 | 15 | 166 | * |
| 17053.49-0 thru 17053.49-11, 23649-0 thru 23649-11 | Manufacturers Investment | 01/01/04 | 794 | 25,618 | 320 | 13,098 |
| 17057, 23609.5 | Orphan Drug | 12/31/92 | 1 | * | 1 | * |
| 17053.14 | Political Contributions | 12/31/91 | 2,373 | NA | 2,561 | NA |
| 17052.14, 23612.5 | Recycling Equipment | 12/31/93 | 341 | 20 | 368 | 269 |
| 17061.5 | Residential Rental and Farm Sales | 12/31/91 | 231 | NA | 283 | NA |
| 17052.10, 23610 | Rice Straw | 12/31/07 | 143 | 25 | 127 | 40 |
| 17053, 23605 | Ridesharing — Employer Subsidy | 12/31/95 | 283 | 1 | 347 | * |
| 17053, 23605 | Ridesharing — Transit Pass | 12/31/95 | 230 | * | 195 | 55 |

¹ If the law does not identify a sunset date, the repeal date is indicated.

| Former R&TC Sections | Credit | Sunset (Repeal Date) ¹ | Tax Year 2010 | | Tax Year 2011 | |
|----------------------------------|--|-----------------------------------|---------------------|---------------|---------------------|---------------|
| | | | Personal Income Tax | Corporation | Personal Income Tax | Corporation |
| | | | (\$ Thousands) | | (\$ Thousands) | |
| 17053.1, 23605 | Ridesharing — Vanpool | 12/31/95 | 953 | NA | 1,123 | NA |
| 17053, 10753.1, 23605 | Ridesharing — Carryover | 12/31/95 | 1,114 | * | 934 | * |
| 17052.5, 23601 | Solar Energy | 12/31/88 | 725 | 12 | 944 | 162 |
| 17052.1, 17052.4, 17052.8, 23607 | Solar Pump | 8/29/88 | 42 | 13 | 1,319 | 436 |
| 17053.84 | Solar Systems Credit | 12/31/06 | 191 | 33 | 134 | 50 |
| 17053.66, 23666 | Salmon and Steelhead Trout Habitat Restoration | 12/31/99 | 7 | * | 3 | * |
| 23606 | Technology Property Contributions | 12/31/87 | NA | NA | NA | NA |
| 17052.20 | Young Infant | 12/31/93 | 115 | NA | 45 | NA |
| 17052.8 | Water Conservation | 12/31/82 | 109 | NA | 132 | NA |
| Total (in thousands) | | | 11,716 | 29,474 | 11,848 | 19,265 |

¹Less than \$500.

NA - Expenditure applies to either the Personal Income Tax Law or Corporation Tax Law, but not to both.

Credit Expenditure Items

Blind Exemption Credit

This program allows a taxpayer to claim an additional personal exemption tax credit if either the taxpayer or the taxpayer's spouse is blind (two credits may be claimed if both are blind). Each additional personal exemption credit (which is indexed annually for inflation based on the California Consumer Price Index) was \$102 in 2011, \$104 in 2012, and \$106 in 2013.

| Blind Exemption Credit: 2011 | | |
|------------------------------|--------------------------|--------------------------------------|
| Adjusted Gross Income Class | Returns Reporting Credit | Amount of Credit Claimed (Thousands) |
| Less than \$10,000 | 3,290 | \$337.7 |
| \$10,000 to \$19,999 | 4,049 | \$416.5 |
| \$20,000 to \$49,999 | 9,243 | \$950.8 |
| \$50,000 to \$99,999 | 8,454 | \$876.9 |
| \$100,000 to \$199,999 | 3,827 | \$396.5 |
| More than \$199,999 | 1,158 | \$119.8 |
| Total | 30,021 | \$3,098.1 |

Source: 2011 Personal Income Tax Population File and Microsimulation Model
Detail may not add to total due to rounding.

Child Adoption Expense Credit

| Child Adoption Expense Credit: 2011 | | | | |
|-------------------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Adjusted Gross Income Class | Returns Claiming Credit | Returns Allowing Credit | Amount of Credit Claimed (Thousands) | Amount of Credit Allowed (Thousands) |
| Less than \$10,000 | 4 | 3 | \$4.7 | \$2.2 |
| \$10,000 to \$19,999 | 4 | 3 | \$1.4 | \$0.2 |
| \$20,000 to \$49,999 | 72 | 69 | \$35.1 | \$27.5 |
| \$50,000 to \$99,999 | 419 | 414 | \$342.9 | \$326.5 |
| \$100,000 to \$199,999 | 417 | 416 | \$718.7 | \$713.1 |
| More than \$199,999 | 73 | 73 | \$159.4 | \$159.4 |
| Total | 989 | 978 | \$1,262.4 | \$1,228.9 |

Source: 2011 Personal Income Tax Population File
Detail may not add to total due to rounding.

Child and Dependent Care Credit (Non-Refundable Credit)

| Child and Dependent Care Credit (Non-Refundable Credit) (PIT): 2011 | | | | |
|--|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Adjusted Gross Income Class | Returns Claiming Credit | Returns Allowing Credit | Amount of Credit Claimed (Thousands) | Amount of Credit Allowed (Thousands) |
| Less than \$10,000 | 6,742 | 31 | \$2,095.4 | \$0.7 |
| \$10,000 to \$19,999 | 18,867 | 231 | \$7,201.5 | \$12.6 |
| \$20,000 to \$49,999 | 112,899 | 32,035 | \$33,251.3 | \$4,078.1 |
| \$50,000 to \$99,999 | 168,196 | 154,431 | \$35,155.4 | \$29,857.1 |
| \$100,000 to \$199,999 | 1,188 | 902 | \$369.6 | \$178.0 |
| More than \$199,999 | 61 | 35 | \$45.2 | \$10.7 |
| Total | 307,953 | 187,665 | \$78,118.4 | \$34,137.2 |

Source: 2011 Personal Income Tax Population File
Detail may not add to total due to rounding.

Dependent Exemption Credit in Excess of Personal Exemption Credit

| Calendar Year: | 2011 | 2012 | 2013 |
|---|-------------|-------------|-------------|
| Exemption Credit Amount: | | | |
| Dependent Exemption Credit | \$315 | \$321 | \$326 |
| Personal Exemption Credit | \$102 | \$104 | \$106 |
| Federal AGI Limitation: | | | |
| Single or Married/RDP Filing Separately | \$166,565 | \$169,730 | \$172,615 |
| Head of Household | \$249,852 | \$254,599 | \$258,927 |
| Married/RDP Filing Jointly or Qualified Widow(er) | \$333,134 | \$339,464 | \$345,235 |

Dependent Parent Credit

The credit was limited to \$401 in 2011, \$409 in 2012, and \$416 in 2013.

| Dependent Parent Credit: 2011 | | | | |
|--------------------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Adjusted Gross Income Class | Returns Claiming Credit | Returns Allowing Credit | Amount of Credit Claimed (Thousands) | Amount of Credit Allowed (Thousands) |
| Less than \$10,000 | 6 | * | \$2.7 | \$0.6 |
| \$10,000 to \$19,999 | 11 | 3 | \$13.5 | \$0.4 |
| \$20,000 to \$49,999 | 113 | 88 | \$55.8 | \$15.3 |
| \$50,000 to \$99,999 | 170 | 107 | \$111.0 | \$38.0 |
| \$100,000 to \$199,999 | 47 | 27 | \$30.0 | \$10.6 |
| More than \$199,999 | 16 | 7 | \$5.8 | \$2.4 |
| Total | 363 | 232 | \$218.8 | \$67.3 |

Source: 2011 Personal Income Tax Population File

Detail may not add to total due to rounding.

*The number of returns allowing this credit cannot be disclosed due to state privacy rules.

Disabled Access Expenditure Credit

| Disabled Access Expenditure Credit (PIT): 2011 | | | | |
|---|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Adjusted Gross Income Class | Returns Claiming Credit | Returns Allowing Credit | Amount of Credit Claimed (Thousands) | Amount of Credit Allowed (Thousands) |
| Less than \$10,000 | 4 | 4 | \$0.2 | \$0.2 |
| \$10,000 to \$19,999 | 6 | 6 | \$0.1 | \$0.1 |
| \$20,000 to \$49,999 | 27 | 26 | \$2.3 | \$2.0 |
| \$50,000 to \$99,999 | 74 | 74 | \$6.0 | \$6.0 |
| \$100,000 to \$199,999 | 138 | 138 | \$13.1 | \$10.8 |
| \$200,000 to \$499,999 | 140 | 140 | \$11.6 | \$11.6 |
| \$500,000 to \$999,999 | 39 | 38 | \$2.6 | \$2.6 |
| More than \$999,999 | 23 | 22 | \$1.4 | \$1.3 |
| Total | 451 | 448 | \$37.3 | \$34.7 |

Source: 2011 Personal Income Tax Population File

Detail may not add to total due to rounding.

| Disabled Access Expenditure Credit Allowed by Industry (Corporation): 2011 | | | | |
|---|-------------------------|--------------------------------------|------------------|----------------|
| Industry | Returns with Credit | | Percent of Total | |
| | Returns Allowing Credit | Amount of Credit Allowed (Thousands) | Returns | Credit Allowed |
| Food Services | 6 | \$0.3 | 4.5% | 2.0% |
| Health Care | 94 | \$7.5 | 70.2% | 53.2% |
| Real Estate | 9 | \$0.7 | 6.7% | 4.8% |
| Other | 25 | \$5.6 | 18.7% | 40.1% |
| Total | 134 | \$14.1 | 100.0% | 100.0% |

Source: 2011 Business Entity Tax System Extract
Detail may not add to total due to rounding.

Employer Childcare Credits

| Employer Childcare Credit (PIT): 2011 | | | | |
|--|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Adjusted Gross Income Class | Returns Claiming Credit | Returns Allowing Credit | Amount of Credit Claimed (Thousands) | Amount of Credit Allowed (Thousands) |
| Less than \$10,000 | 7 | 7 | \$1.3 | \$1.3 |
| \$10,000 to \$19,999 | 7 | 7 | \$1.1 | \$1.1 |
| \$20,000 to \$49,999 | 102 | 100 | \$20.2 | \$19.2 |
| \$50,000 to \$99,999 | 953 | 952 | \$340.7 | \$340.7 |
| \$100,000 to \$199,999 | 1,567 | 1,566 | \$748.7 | \$748.0 |
| \$200,000 to \$499,999 | 750 | 749 | \$352.4 | \$352.3 |
| \$500,000 to \$999,999 | 336 | 332 | \$95.9 | \$95.4 |
| More than \$999,999 | 642 | 640 | \$997.1 | \$268.5 |
| Total | 4,364 | 4,353 | \$2,557.3 | \$1,826.4 |

Source: 2011 Personal Income Tax Population File
Detail may not add to total due to rounding.

| Employer Childcare Credit Allowed by Industry (Corporation): 2011 | | | | |
|--|-------------------------|--------------------------------------|------------------|----------------|
| Industry | Returns with Credit | | Percent of Total | |
| | Returns Allowing Credit | Amount of Credit Allowed (Thousands) | Returns | Credit Allowed |
| Manufacturing | 10 | \$413.9 | 16.1% | 40.5% |
| Wholesale and Retail | 6 | \$69.9 | 9.7% | 6.8% |
| Finance, Insurance, and Real Estate | 6 | \$373.6 | 9.7% | 36.6% |
| Health Care | 7 | \$13.5 | 11.3% | 1.3% |
| Other | 33 | \$151.2 | 53.2% | 14.8% |
| Total | 62 | \$1,021.9 | 100.0% | 100.0% |

Source: 2011 Business Entity Tax System Extract
Detail may not add to total due to rounding.

Enterprise Zones and Similar Areas

| Enterprise Zones and Similar Areas Credits (PIT and Corporation): 2011 | | |
|---|-------------------|--------------------------|
| | Number of Returns | Credit Claimed (Million) |
| Employer Credits – Hiring Credit and Sales and Use Tax Credit | | |
| PIT | 31,395 | \$322.5 |
| Corporation | 6,292 | \$544.5 |
| Credit for Enterprise Zone Employees for Qualified Wages – PIT | 559 | \$0.1 |

| Enterprise Zones and Similar Areas Deductions (Corporation): 2011 | | | |
|---|-------------------|-----------------------------|----------------------|
| | Number of Returns | Deduction Claimed (Million) | Tax Impact (Million) |
| Interest from Loans to Businesses in Economically Depressed Areas | 157 | \$249.7 | \$14.1 |
| Business Expense Deduction for Activities within Economically Depressed Areas | 361 | \$5.1 | \$0.2 |

Homebuyer Credits

2010 First-Time Buyer Credit

| 2010 First-Time Buyer Credit: 2011 | | | | |
|---|-------------------------|-------------------------|-------------------------------------|-------------------------------------|
| Adjusted Gross Income Class | Returns Claiming Credit | Returns Allowing Credit | Amount of Credit Claimed (Millions) | Amount of Credit Allowed (Millions) |
| Less than \$10,000 | 21 | 5 | \$0.0 | \$0.0 |
| \$10,000 to \$19,999 | 62 | 45 | \$0.0 | \$0.0 |
| \$20,000 to \$49,999 | 1,630 | 1,491 | \$1.6 | \$0.8 |
| \$50,000 to \$99,999 | 6,264 | 5,938 | \$10.4 | \$9.1 |
| \$100,000 to \$199,999 | 5,129 | 4,937 | \$13.6 | \$12.9 |
| More than \$199,999 | 1,430 | 1,387 | \$4.7 | \$4.5 |
| Total | 14,536 | 13,803 | \$30.4 | \$27.3 |

Source: 2011 Personal Income Tax Population File
Detail may not add to total due to rounding.

2010 New Homebuyer Credit

| 2010 New Homebuyer Credit: 2011 | | | | |
|--|-------------------------|-------------------------|-------------------------------------|-------------------------------------|
| Adjusted Gross Income Class | Returns Claiming Credit | Returns Allowing Credit | Amount of Credit Claimed (Millions) | Amount of Credit Allowed (Millions) |
| Less than \$10,000 | 12 | 7 | \$0.0 | \$0.0 |
| \$10,000 to \$19,999 | 32 | 24 | \$0.2 | \$0.0 |
| \$20,000 to \$49,999 | 720 | 641 | \$0.8 | \$0.4 |
| \$50,000 to \$99,999 | 3,564 | 3,364 | \$6.0 | \$4.9 |
| \$100,000 to \$199,999 | 4,330 | 4,160 | \$11.0 | \$10.3 |
| More than \$199,999 | 1,727 | 1,675 | \$5.6 | \$5.3 |
| Total | 10,385 | 9,871 | \$23.5 | \$20.9 |

Source: 2011 Personal Income Tax Population File
Detail may not add to total due to rounding.

2009 New Homebuyer Credit

| 2009 New Homebuyer Credit: 2011 | | | | |
|---------------------------------|-------------------------|-------------------------|-------------------------------------|-------------------------------------|
| Adjusted Gross Income Class | Returns Claiming Credit | Returns Allowing Credit | Amount of Credit Claimed (Millions) | Amount of Credit Allowed (Millions) |
| Less than \$10,000 | 5 | * | \$0.0 | \$0.0 |
| \$10,000 to \$19,999 | 17 | 7 | \$0.0 | \$0.0 |
| \$20,000 to \$49,999 | 411 | 362 | \$0.3 | \$0.2 |
| \$50,000 to \$99,999 | 2,324 | 2,223 | \$3.6 | \$3.2 |
| \$100,000 to \$199,999 | 2,598 | 2,547 | \$6.5 | \$6.4 |
| More than \$199,999 | 863 | 842 | \$2.8 | \$2.7 |
| Total | 6,218 | 5,981 | \$13.3 | \$12.5 |

Source: 2011 Personal Income Tax Population File
Detail may not add to total due to rounding.

*The number of returns allowing this credit cannot be disclosed due to state privacy rules.

Joint Custody Head of Household Credit

The credit amount is the lesser of 30 percent of a taxpayer's net tax or a maximum amount determined annually (\$401 in 2011, \$409 in 2012, and \$416 in 2013).

| Joint Custody Head of Household Credit: 2011 | | | | |
|--|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Adjusted Gross Income Class | Returns Claiming Credit | Returns Allowing Credit | Amount of Credit Claimed (Thousands) | Amount of Credit Allowed (Thousands) |
| Less than \$10,000 | 20 | 20 | \$0.9 | \$0.9 |
| \$10,000 to \$19,999 | 313 | 310 | \$8.4 | \$7.7 |
| \$20,000 to \$49,999 | 2,391 | 2,367 | \$481.8 | \$460.9 |
| \$50,000 to \$99,999 | 1,885 | 1,848 | \$731.0 | \$699.6 |
| \$100,000 to \$199,999 | 556 | 546 | \$224.0 | \$217.8 |
| More than \$199,999 | 105 | 103 | \$42.1 | \$41.3 |
| Total | 5,270 | 5,194 | \$1,488.3 | \$1,428.2 |

Source: 2011 Personal Income Tax Population File
Detail may not add to total due to rounding.

Low-Income Housing Expenses Credit

| Low-Income Housing Expenses Credit (PIT): 2011 | | | | |
|--|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Adjusted Gross Income Class | Returns Claiming Credit | Returns Allowing Credit | Amount of Credit Claimed (Thousands) | Amount of Credit Allowed (Thousands) |
| Less than \$10,000 | 6 | 5 | \$9.7 | \$8.9 |
| \$10,000 to \$19,999 | 7 | 7 | \$3.1 | \$3.1 |
| \$20,000 to \$49,999 | 52 | 51 | \$18.8 | \$18.0 |
| \$50,000 to \$99,999 | 82 | 82 | \$54.7 | \$54.7 |
| \$100,000 to \$199,999 | 71 | 71 | \$105.2 | \$105.2 |
| \$200,000 to \$499,999 | 57 | 57 | \$253.4 | \$253.4 |
| \$500,000 to \$999,999 | 22 | 21 | \$41.2 | \$41.2 |
| More than \$999,999 | 28 | 28 | \$216.7 | \$216.7 |
| Total | 325 | 322 | \$702.8 | \$701.1 |

Source: 2011 Personal Income Tax Population File
Detail may not add to total due to rounding.

| Low-Income Housing Expenses Credit Allowed by Industry (Corporation): 2011 | | | | |
|--|-------------------------|-------------------------------------|------------------|----------------|
| Industry | Returns with Credit | | Percent of Total | |
| | Returns Allowing Credit | Amount of Credit Allowed (Millions) | Returns | Credit Allowed |
| Finance and Insurance | 9 | \$10.8 | 26.5% | 16.4% |
| Real Estate | 7 | \$0.0 | 20.6% | 0.0% |
| Other | 18 | \$54.7 | 52.9% | 83.6% |
| Total | 34 | \$65.5 | 100.0% | 100.0% |

Source: 2011 Business Entity Tax System Extract
Detail may not add to total due to rounding.

Qualified Senior Head of Household Credit

| Calendar Year | 2011 | 2012 | 2013 |
|---------------------------|----------|----------|----------|
| Maximum Credit Limitation | \$1,228 | \$1,251 | \$1,272 |
| California AGI Limitation | \$65,153 | \$66,391 | \$67,520 |

| Qualified Senior Head of Household Credit: 2011 | | | | |
|--|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Adjusted Gross Income Class | Returns Claiming Credit | Returns Allowing Credit | Amount of Credit Claimed (Thousands) | Amount of Credit Allowed (Thousands) |
| Less than \$10,000 | 10 | 6 | \$3.2 | \$1.8 |
| \$10,000 to \$19,999 | 120 | 104 | \$114.6 | \$3.6 |
| \$20,000 to \$49,999 | 1,129 | 1,096 | \$337.5 | \$315.2 |
| More than \$49,999 | 1,367 | 1,310 | \$755.2 | \$692.0 |
| Total | 2,626 | 2,516 | \$1,210.5 | \$1,012.6 |

Source: 2011 Personal Income Tax Population File
Detail may not add to total due to rounding.

Renter's Credit

| Calendar Year: | 2011 | 2012 | 2013 |
|---|-------------|-------------|-------------|
| California Adjusted Gross Income Limitation: | | | |
| Single or Married/RDP Filing Separately | \$35,659 | \$36,337 | \$36,955 |
| Head of Household | \$71,318 | \$72,674 | \$73,910 |
| Married/RDP Filing Jointly or Qualified Widow(er) | \$71,318 | \$72,674 | \$73,910 |

| Renter's Credit: 2011 | | | | |
|------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Adjusted Gross Income Class | Returns Claiming Credit (Thousands) | Returns Allowing Credit (Thousands) | Amount of Credit Claimed (Millions) | Amount of Credit Allowed (Millions) |
| Less than \$10,000 | 201.0 | 23.5 | \$14.5 | \$0.7 |
| \$10,000 to \$19,999 | 504.8 | 328.7 | \$35.3 | \$15.7 |
| \$20,000 to \$49,999 | 1,100.3 | 826.6 | \$91.4 | \$56.0 |
| \$50,000 to \$69,999 | 275.1 | 248.1 | \$32.5 | \$28.5 |
| More than \$69,999 | 33.8 | 30.1 | \$4.0 | \$3.5 |
| Total | 2,114.9 | 1,457.0 | \$177.7 | \$104.4 |

Source: 2011 Personal Income Tax Population File
Detail may not add to total due to rounding.

Research and Development (R&D) Expenses Credit

| Research and Development (R&D) Credits Allowed by Industrial Subsector (Corporation): 2011 | | | | |
|---|-------------------------------|--|------------------|-------------------|
| Industrial Subsector | Returns with Credit | | Percent of Total | |
| | Returns Allowing Credit | Amount of Credit Allowed (Millions) | Returns | Credit Allowed |
| Food and Kindred Products | 63 | \$1.9 | 1.9% | 0.1% |
| Chemicals and Allied Products | 80 | \$24.7 | 2.4% | 1.4% |
| Pharmaceuticals | 40 | \$59.0 | 1.2% | 3.3% |
| Electrical and Electronic Equipment | 514 | \$682.0 | 15.6% | 38.5% |
| Other Manufacturing | 722 | \$189.5 | 21.9% | 10.7% |
| Information | 185 | \$342.9 | 5.6% | 19.3% |
| Other | 1,693 | \$473.9 | 51.4% | 26.7% |
| Total | 3,297 | \$1,773.8 | 100.0% | 100.0% |

Source: 2011 Business Entity Tax System and Corporate Return Samples
Detail may not add to total due to rounding.

| Research and Development (R&D) Credit Allowed by Size of Gross Receipts (Corporation): 2011 | | | | |
|--|-------------------------------|--|------------------|-------------------|
| Size of Gross Receipts | Returns with Credit | | Percent of Total | |
| | Returns Allowing Credit | Amount of Credit Allowed (Millions) | Returns | Credit Allowed |
| Not Known | 1,464 | \$78.8 | 44.4% | 4.4% |
| Less than \$500 million | 4 | \$0.6 | 0.0% | 0.0% |
| \$500 million to \$1 billion | 6 | \$0.0 | 0.2% | 0.0% |
| More than \$1 billion | 1,823 | \$1,694.5 | 55.3% | 95.5% |
| Total | 3,297 | \$1,773.8 | 100.0% | 100.0% |

Source: 2011 Business Entity Tax System and Corporate Return Samples
Detail may not add to total due to rounding.

Senior Exemption Credit

In 2013, the exemption credit was \$106 for each taxpayer over age 65. For joint filers, if only one taxpayer was over age 65, the credit was \$104. If both taxpayers were over age 65, the credit was \$208. The exemption credit amount was \$102 in 2011 and \$104 in 2012 for each taxpayer.

| Senior Exemption Credit: 2011 | | | |
|--------------------------------------|--------------------------------------|-------------------------------------|--------------------------------|
| Adjusted Gross Income Class | Returns Reporting Credit (Thousands) | Amount of Credit Claimed (Millions) | Tax Impact of Credit (Million) |
| Less than \$10,000 | 343.0 | \$42.9 | \$0.0 |
| \$10,000 to \$19,999 | 316.5 | \$39.6 | \$5.0 |
| \$20,000 to \$49,999 | 575.5 | \$75.9 | \$43.2 |
| \$50,000 to \$99,999 | 580.7 | \$80.9 | \$78.1 |
| \$100,000 to \$199,999 | 330.6 | \$49.5 | \$49.4 |
| More than \$199,999 | 142.6 | \$21.6 | \$10.7 |
| Total | 2,288.9 | \$310.3 | \$186.4 |

Source: 2011 Personal Income Tax Population File and Microsimulation Model
Detail may not add to total due to rounding.

Deduction Tax Expenditure Items

Casualty Loss Deduction

| Casualty Loss Deduction: 2011 | | | |
|--------------------------------------|--|---|-------------------------------------|
| Adjusted Gross Income Class | Resident Returns Reporting Deduction (Thousands) | Amount of Deduction Claimed by Residents (Millions) | Tax Impact of Deduction* (Millions) |
| Less than \$10,000 | 0.7 | \$24.2 | \$0.0 |
| \$10,000 to \$19,999 | 0.7 | \$4.7 | \$0.0 |
| \$20,000 to \$49,999 | 2.0 | \$27.2 | \$0.1 |
| \$50,000 to \$99,999 | 2.5 | \$34.7 | \$0.7 |
| \$100,000 to \$199,999 | 1.5 | \$25.0 | \$1.9 |
| More than \$199,999 | 0.7 | \$55.1 | \$4.5 |
| Total | 8.1 | \$171.1 | \$7.3 |

Source: 2011 PIT Tax Sample and Microsimulation Model

Detail may not add to total due to rounding.

*Includes part-year residents and nonresidents.

Charitable Contribution Deduction

| Charitable Contribution Deduction (PIT): 2011 | | | |
|--|---|---|-------------------------------------|
| Adjusted Gross Income Class | Residents Returns Reporting Deduction (Thousands) | Amount of Deduction Claimed by Residents (Millions) | Tax Impact of Deduction* (Millions) |
| Less than \$10,000 | 100.9 | \$168.4 | \$0.8 |
| \$10,000 to \$19,999 | 158.6 | \$257.5 | \$0.5 |
| \$20,000 to \$49,999 | 868.1 | \$1,782.5 | \$35.1 |
| \$50,000 to \$99,999 | 1,576.1 | \$3,978.0 | \$217.6 |
| \$100,000 to \$199,999 | 1,363.2 | \$4,727.8 | \$403.9 |
| More than \$199,999 | 609.3 | \$10,259.2 | \$835.3 |
| Total | 4,676.2 | \$21,173.2 | \$1,493.1 |

Source: 2011 PIT Sample and Microsimulation Model

Detail may not add to total due to rounding.

*Includes part-year residents and nonresidents.

Employee Business and Miscellaneous Expense Deduction

| Employee Business and Miscellaneous Expense Deduction: 2011 | | | |
|--|--|---|-------------------------------------|
| Adjusted Gross Income Class | Resident Returns Reporting Deduction (Thousands) | Amount of Deduction Claimed by Residents (Millions) | Tax Impact of Deduction* (Millions) |
| Less than \$10,000 | 120.6 | \$568.8 | \$2.6 |
| \$10,000 to \$19,999 | 75.8 | \$296.7 | \$0.9 |
| \$20,000 to \$49,999 | 425.4 | \$2,438.9 | \$51.8 |
| \$50,000 to \$99,999 | 707.3 | \$4,830.7 | \$244.7 |
| \$100,000 to \$199,999 | 467.8 | \$3,853.6 | \$300.9 |
| More than \$199,999 | 136.1 | \$4,822.9 | \$431.6 |
| Total | 1,933.0 | \$16,811.6 | \$1,032.4 |

Source: 2011 PIT Sample and Microsimulation Model

Detail may not add to total due to rounding.

*Includes part-year residents and nonresidents.

Individual Retirement Accounts (IRAs)

| Calendar Year: | Adjusted Gross Income Phase Out Range | | |
|--|---------------------------------------|-------------------------|-------------------------|
| | 2011 | 2012 | 2013 |
| Roth IRA Contribution: | | | |
| Single or Head of Household | \$107,000- \$122,000 | \$110,000- \$125,000 | \$112,000- \$127,000 |
| Married/RDP Filing Jointly or Qualified Widow(er) | \$169,000- \$179,000 | \$173,000- \$183,000 | \$178,000- \$188,000 |
| | | | |
| Traditional IRA Contribution: | | | |
| Active Participant in Employer-Sponsored Plan: | | | |
| Single or Head of Household | \$56,000- \$66,000 | \$58,000- \$68,000 | \$59,000- \$69,000 |
| Married/RDP Filing Jointly or Qualified Widow(er) | \$90,000- \$110,000 | \$92,000- \$112,000 | \$95,000- \$115,000 |
| Married Filing Separately | \$0-\$10,000 | \$0-\$10,000 | \$0-\$10,000 |
| Not a Participant in Employer-Sponsored Plan, but Spouse is a Participant: | | | |
| Married/RDP Filing Jointly | \$169,000- \$179,000 | \$173,000- \$183,000 | \$178,000- \$188,000 |
| Married Filing Separately | \$0-\$10,000 | \$0-\$10,000 | \$0-\$10,000 |

Medical and Dental Expense Deduction

| Medical and Dental Expense Deduction: 2011 | | | |
|---|--|---|-------------------------------------|
| Adjusted Gross Income Class | Resident Returns Reporting Deduction (Thousands) | Amount of Deduction Claimed by Residents (Millions) | Tax Impact of Deduction* (Millions) |
| Less than \$10,000 | 157.2 | \$1,332.9 | \$1.0 |
| \$10,000 to \$19,999 | 130.4 | \$1,002.3 | \$0.6 |
| \$20,000 to \$49,999 | 412.1 | \$3,326.8 | \$42.1 |
| \$50,000 to \$99,999 | 349.2 | \$2,804.9 | \$122.7 |
| \$100,000 to \$199,999 | 127.5 | \$1,373.7 | \$102.9 |
| More than \$199,999 | 19.2 | \$507.4 | \$44.3 |
| Total | 1,195.6 | \$10,348.1 | \$313.7 |

Source: 2011 PIT Sample and Microsimulation Model

Detail may not add to total due to rounding.

*Includes part-year residents and nonresidents.

Mortgage Interest Deduction

| Mortgage Interest Deduction: 2011 | | | |
|--|--|---|-------------------------------------|
| Adjusted Gross Income Class | Resident Returns Reporting Deduction (Thousands) | Amount of Deduction Claimed by Residents (Millions) | Tax Impact of Deduction* (Millions) |
| Less than \$10,000 | 169.9 | \$2,356.2 | \$5.8 |
| \$10,000 to \$19,999 | 154.2 | \$1,953.7 | \$2.5 |
| \$20,000 to \$49,999 | 805.7 | \$8,799.6 | \$129.0 |
| \$50,000 to \$99,999 | 1,450.0 | \$17,884.8 | \$949.2 |
| \$100,000 to \$199,999 | 1,243.2 | \$21,114.3 | \$1,784.5 |
| More than \$199,999 | 531.9 | \$13,452.1 | \$1,138.4 |
| Total | 4,355.0 | \$65,560.7 | \$4,009.6 |

Source: 2011 PIT Sample and Microsimulation Model

Detail may not add to total due to rounding.

*Includes part-year residents and nonresidents.

Moving Expense Deduction

| Moving Expense Deduction: 2011* | | | |
|--|---|--|------------------------------------|
| Adjusted Gross Income Class | Returns Reporting Deduction (Thousands) | Amount of Deduction Claimed (Millions) | Tax Impact of Deduction (Millions) |
| Less than \$10,000 | 11.2 | \$28.1 | \$0.1 |
| \$10,000 to \$19,999 | 13.9 | \$35.4 | \$0.3 |
| \$20,000 to \$49,999 | 47.2 | \$100.6 | \$2.9 |
| \$50,000 to \$99,999 | 47.2 | \$142.6 | \$7.4 |
| \$100,000 to \$199,999 | 33.2 | \$134.5 | \$7.2 |
| More than \$199,999 | 12.5 | \$99.6 | \$5.9 |
| Total | 165.2 | \$540.8 | \$23.8 |

Source: 2011 PIT Sample and Microsimulation Model

Detail may not add to total due to rounding.

*Includes residents, part-year residents, and nonresidents.

Personal Property and Other Tax Deductions

| Personal Property and Other Tax Deduction: 2011 | | | |
|--|--|---|-------------------------------------|
| Adjusted Gross Income Class | Resident Returns Reporting Deduction (Thousands) | Amount of Deduction Claimed by Residents (Millions) | Tax Impact of Deduction* (Millions) |
| Less than \$10,000 | 137.4 | \$63.0 | \$40.2 |
| \$10,000 to \$19,999 | 134.5 | \$47.3 | \$54.0 |
| \$20,000 to \$49,999 | 759.9 | \$345.0 | \$13.9 |
| \$50,000 to \$99,999 | 1,422.8 | \$941.9 | \$7.4 |
| \$100,000 to \$199,999 | 1,207.8 | \$651.3 | \$3.8 |
| More than \$199,999 | 490.4 | \$351.0 | \$3.2 |
| Total | 4,152.8 | \$2,399.4 | \$122.6 |

Source: 2011 PIT Sample and Microsimulation Model

Detail may not add to total due to rounding.

*Includes part-year residents and nonresidents.

Real Property Tax Deduction

| Real Property Tax Deduction: 2011 | | | |
|--|--|---|-------------------------------------|
| Adjusted Gross Income Class | Resident Returns Reporting Deduction (Thousands) | Amount of Deduction Claimed by Residents (Millions) | Tax Impact of Deduction* (Millions) |
| Less than \$10,000 | 196.7 | \$1,000.4 | \$345.5 |
| \$10,000 to \$19,999 | 179.3 | \$516.7 | \$568.2 |
| \$20,000 to \$49,999 | 886.9 | \$2,886.2 | \$217.1 |
| \$50,000 to \$99,999 | 1,536.8 | \$5,584.0 | \$96.5 |
| \$100,000 to \$199,999 | 1,324.4 | \$6,721.1 | \$54.4 |
| More than \$199,999 | 596.9 | \$6,508.0 | \$152.6 |
| Total | 4,721.0 | \$23,216.3 | \$1,434.3 |

Source: 2011 PIT Sample and Microsimulation Model

Detail may not add to total due to rounding.

*Includes part-year residents and nonresidents.

Self-Employed Health Insurance Premium Deduction

| Self-Employed Health Insurance Premium Deduction: 2011 | | | |
|---|--|---|-------------------------------------|
| Adjusted Gross Income Class | Resident Returns Reporting Deduction (Thousands) | Amount of Deduction Claimed by Residents (Millions) | Tax Impact of Deduction* (Millions) |
| Less than \$10,000 | 52.4 | \$224.2 | \$0.7 |
| \$10,000 to \$19,999 | 47.0 | \$178.6 | \$1.4 |
| \$20,000 to \$49,999 | 137.3 | \$651.3 | \$14.7 |
| \$50,000 to \$99,999 | 123.4 | \$708.3 | \$40.3 |
| \$100,000 to \$199,999 | 95.3 | \$741.3 | \$66.9 |
| More than \$199,999 | 87.8 | \$981.7 | \$97.8 |
| Total | 543.2 | \$3,485.3 | \$221.8 |

Source: 2011 PIT Sample and Microsimulation Model

Detail may not add to total due to rounding.

*Includes part-year residents and nonresidents.

Student Loan Interest Deduction

| Calendar Year: | 2011 | 2012 | 2013 |
|---|-------------------|-------------------|---------------------|
| Federal Modified AGI Phase-Out Range: | | | |
| Single or Head of Household | \$60,000-\$75,000 | \$60,000-\$75,000 | \$60,000-\$75,000 |
| Married/RDP Filing Jointly, Qualified Widow(er) | \$120,000-150,000 | \$120,000-150,000 | \$120,000-\$150,000 |

| Student Loan Interest Deduction: 2011 | | | |
|---------------------------------------|--|---|------------------------------------|
| Adjusted Gross Income Class | Resident Returns Reporting Deduction (Thousands) | Amount of Deduction Claimed by Residents (Millions) | Tax Impact of Deduction (Millions) |
| Less than \$10,000 | 47.7 | \$48.0 | \$2.5 |
| \$10,000 to \$19,999 | 81.5 | \$72.8 | \$3.8 |
| \$20,000 to \$49,999 | 295.6 | \$290.8 | \$15.2 |
| \$50,000 to \$99,999 | 280.6 | \$268.1 | \$14.1 |
| \$100,000 to \$199,999 | 115.1 | \$98.0 | \$5.1 |
| More than \$199,999 | 0.2 | \$0.4 | \$0.0 |
| Total | 820.6 | \$778.1 | \$40.8 |

Source: 2011 PIT Sample and Microsimulation Model
Detail may not add to total due to rounding.

Election Tax Expenditure Items

Apportionment Formulas: Single Sales and Double-Weighted Sales Factors

| Double-Weighted Sales Factor by Industrial Subsector: 2011 Single Sales Factor Non-Electors | | | | |
|--|----------------------|---------------------------------|------------------|---------------|
| Size of Gross Receipts | Returns with Tax | | Percent of Total | |
| | Returns Allowing Tax | Amount of Tax Impact (Millions) | Returns | Tax Impact |
| Construction | 6,153 | \$2.4 | 8.6% | -2.2% |
| Manufacture | 10,599 | -\$80.4 | 14.8% | 72.3% |
| Trade | 12,263 | \$15.8 | 17.2% | -14.2% |
| Services | 29,863 | -\$5.5 | 41.8% | 5.0% |
| Information | 1,786 | -\$20.6 | 2.5% | 18.5% |
| Information – Cable | 22 | -\$15.7 | 0.0% | 14.1% |
| Transportation, Communication, and Utilities | 2,140 | \$0.2 | 3.0% | -0.2% |
| Other | 8,613 | -\$7.5 | 12.1% | 6.7% |
| Total | 71,439 | -\$111.2 | 100.0% | 100.0% |

Source: 2011 Business Entity Tax System and Corporate Return Samples
Detail may not add to total due to rounding.

| Double-Weighted Sales Factor by Gross Receipts: 2011 Single Sales Factor Non-Electors | | | | |
|--|----------------------|---------------------------------|------------------|---------------|
| Size of Gross Receipts | Returns with Tax | | Percent of Total | |
| | Returns Allowing Tax | Amount of Tax Impact (Millions) | Returns | Tax Impact |
| Less than \$10 million | 36,399 | -\$14.4 | 51.0% | 13.0% |
| \$10 million to \$50 million | 20,505 | \$4.1 | 28.7% | -3.7% |
| \$50 million to \$100 million | 4,262 | \$5.5 | 6.0% | -4.9% |
| \$100 million to \$500 million | 5,530 | \$33.4 | 7.7% | -30.1% |
| \$500 million to \$1 billion | 2,181 | \$8.1 | 3.1% | -7.3% |
| More than \$1 billion | 2,561 | -\$147.9 | 3.6% | 133.0% |
| Total | 71,439 | -\$111.2 | 100.0% | 100.0% |

Source: 2011 Business Entity Tax System and Corporate Return Samples
Detail may not add to total due to rounding.

| Single Sales Factor by Industrial Subsector: 2011 Single Sales Factor Electors | | | | |
|---|----------------------|---------------------------------|------------------|---------------|
| Size of Gross Receipts | Returns with Credit | | Percent of Total | |
| | Returns Allowing Tax | Amount of Tax Impact (Millions) | Returns | Tax Impact |
| Construction | 101 | \$0.7 | 1.4% | 0.2% |
| Manufacture | 1,699 | \$73.8 | 23.5% | 19.1% |
| Trade | 1,533 | \$66.2 | 21.2% | 17.2% |
| Services | 3,311 | \$57.6 | 45.8% | 14.9% |
| Information | 158 | \$93.0 | 2.2% | 24.1% |
| Information - Cable | 3 | \$0.1 | 0.0% | 0.0% |
| Transportation, Communication, and Utilities | 83 | \$17.6 | 1.1% | 4.6% |
| Other | 346 | \$76.6 | 4.8% | 19.9% |
| Total | 7,233 | \$385.5 | 100.0% | 100.0% |

Source: 2011 Business Entity Tax System and Corporate Return Samples
Detail may not add to total due to rounding.

| Single Sales Factor by Gross Receipts: 2011 Single Sales Factor Electors | | | | |
|---|----------------------|---------------------------------|------------------|---------------|
| Size of Gross Receipts | Returns with Credit | | Percent of Total | |
| | Returns Allowing Tax | Amount of Tax Impact (Millions) | Returns | Tax Impact |
| Less than \$10 million | 2,644 | \$6.2 | 36.6% | 1.6% |
| \$10 million to \$50 million | 2,462 | -\$0.9 | 34.0% | -0.2% |
| \$50 million to \$100 million | 423 | -\$0.7 | 5.8% | -0.2% |
| \$100 million to \$500 million | 802 | \$21.7 | 11.1% | 5.6% |
| \$500 million to \$1 billion | 350 | \$19.2 | 4.8% | 5.0% |
| More than \$1 billion | 551 | \$340.0 | 7.6% | 88.2% |
| Total | 7,233 | \$385.5 | 100.0% | 100.0% |

Source: 2011 Business Entity Tax System and Corporate Return Samples
Detail may not add to total due to rounding.

Head of Household and Qualifying Widow(er) Filing Status

| Head of Household and Widow(er) Filing Status: 2011* | | |
|---|--------------------------------------|---------------------------------|
| Adjusted Gross Income Class | Returns Reporting Status (Thousands) | Tax Impact of Status (Millions) |
| Less than \$10,000 | 237.8 | \$0.0 |
| \$10,000 to \$19,999 | 582.4 | \$0.1 |
| \$20,000 to \$49,999 | 1,028.2 | \$186.6 |
| \$50,000 to \$99,999 | 369.6 | \$427.1 |
| \$100,000 to \$199,999 | 83.4 | \$118.2 |
| More than \$199,999 | 18.8 | \$36.5 |
| Total | 2,320.2 | \$768.5 |

Source: 2011 PIT Sample and Microsimulation Model

Detail may not add to total due to rounding.

*Includes residents.

Water's-Edge Election

| Corporations Electing to File on a Water's-Edge Basis | | | |
|--|--------------|--------------|---------------|
| Calendar Year: | 2009 | 2010 | 2011 |
| Apportioning Corporations | 5,980 | 5,986 | 9,718 |
| Non-Apportioning Corporations | 2,306 | 1,578 | 1,687 |
| Total | 8,286 | 7,564 | 11,405 |

Exclusion Tax Expenditure Items

Federal Government Obligation Interest Exclusion

| Federal Obligation Interest Exclusion: 2011 | | | |
|--|--|---|-------------------------------------|
| Adjusted Gross Income Class | Resident Returns Reporting Exclusion (Thousands) | Amount of Exclusion Claimed by Residents (Millions) | Tax Impact of Exclusion* (Millions) |
| Less than \$10,000 | 21.7 | \$95.6 | \$1.2 |
| \$10,000 to \$19,999 | 13.0 | \$43.2 | \$1.8 |
| \$20,000 to \$49,999 | 46.7 | \$126.3 | \$6.7 |
| \$50,000 to \$99,999 | 52.1 | \$105.9 | \$8.0 |
| \$100,000 to \$199,999 | 46.9 | \$119.6 | \$10.4 |
| More than \$199,999 | 41.7 | \$453.6 | \$45.8 |
| Total | 222.1 | \$944.2 | \$73.9 |

Source: 2011 PIT Sample and Microsimulation Model

Detail may not add to total due to rounding.

* Includes part-year residents and nonresidents.

Social Security Benefits Exclusion

| Exclusion of the Portion of Social Security Income Reported on Federal Tax Returns: 2011* | | | |
|--|---|--|------------------------------------|
| Adjusted Gross Income Class | Returns Reporting Exclusion (Thousands) | Amount of Exclusion Claimed (Millions) | Tax Impact of Exclusion (Millions) |
| Less than \$10,000 | 29.7 | \$269.5 | \$0.6 |
| \$10,000 to \$19,999 | 93.6 | \$279.1 | \$2.2 |
| \$20,000 to \$49,999 | 642.9 | \$5,783.2 | \$207.5 |
| \$50,000 to \$99,999 | 460.3 | \$7,549.3 | \$482.6 |
| \$100,000 to \$199,999 | 217.0 | \$3,858.2 | \$342.6 |
| More than \$199,999 | 85.5 | \$1,897.1 | \$171.4 |
| Total | 1,529.0 | \$19,636.4 | \$1,207.0 |

Source: 2011 PIT Sample and Microsimulation Model

Detail may not add to total due to rounding.

*Only some portions of Social Security income are required to be reported on federal tax returns. The data reported here represents the number of Californians with social security income reported on their federal tax return, the amount of social security income reported on their federal returns and excluded on their California return, and the related tax impact.

State Lottery Winnings Exclusion

| California Lottery Winnings Exclusion: 2011 | | | |
|--|---|--|------------------------------------|
| Adjusted Gross Income Class | Returns Reporting Exclusion (Thousands) | Amount of Exclusion Claimed (Millions) | Tax Impact of Exclusion (Millions) |
| Less than \$10,000 | 2.1 | \$213.4 | \$13.0 |
| \$10,000 to \$19,999 | 0.8 | \$32.5 | \$2.0 |
| \$20,000 to \$49,999 | 2.8 | \$69.9 | \$5.2 |
| \$50,000 to \$99,999 | 1.9 | \$100.0 | \$8.8 |
| \$100,000 to \$199,999 | 0.9 | \$121.3 | \$11.7 |
| More than \$199,999 | 0.3 | \$14.5 | \$1.3 |
| Total | 8.7 | \$551.6 | \$42.0 |

Source: 2011 PIT Sample and Microsimulation Model
Detail may not add to total due to rounding.

Unemployment Insurance Benefits Exclusion

| Unemployment Compensation Benefits Exclusion: 2011 | | | |
|---|---|--|-------------------------------------|
| Adjusted Gross Income Class | Returns Reporting Exclusion (Thousands) | Amount of Exclusion Claimed (Millions) | Tax Impact of Exclusion* (Millions) |
| Less than \$10,000 | 327.7 | \$3,156.1 | \$9.3 |
| \$10,000 to \$19,999 | 297.6 | \$1,857.1 | \$13.8 |
| \$20,000 to \$49,999 | 471.3 | \$3,016.3 | \$59.0 |
| \$50,000 to \$99,999 | 321.9 | \$2,108.2 | \$115.8 |
| \$100,000 to \$199,999 | 145.3 | \$1,012.8 | \$87.6 |
| More than \$199,999 | 35.4 | \$261.3 | \$23.6 |
| Total | 1,599.3 | \$11,411.8 | \$309.0 |

Source: 2011 PIT Sample and Microsimulation Model
Detail may not add to total due to rounding.
*Includes part-year residents and nonresidents.