

SUMMARY ANALYSIS OF AMENDED BILL

Author: Coto Analyst: Victoria Favorito Bill Number: AB 393
 Related Bills: See Prior Analysis Telephone: 845-3825 Amended Date: March 26, 2007
 Attorney: Tommy Leung Sponsor: _____

SUBJECT: Mortgage Insurance Premiums Deduction Conformity

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended February 15, 2007.
- AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- FURTHER AMENDMENTS NECESSARY.
- DEPARTMENT POSITION CHANGED TO _____.
- REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 15, 2007, STILL APPLIES.
- OTHER – See comments below.

SUMMARY

This bill would conform to the current federal law allowing homeowners to claim the amount paid for mortgage insurance premiums as a current deduction.

SUMMARY OF AMENDMENTS

The March 26, 2007, amendments add the specific Internal Revenue Code sections that were amended in the Tax Relief and Health Care Act of 2006 (TRHCA).

The March 26, 2007, amendments add an operative date to specify that the deduction shall apply to mortgage insurance premiums paid or accrued on or after January 1, 2007, and before January 1, 2008.

The March 26, 2007, amendments do not impact the revenue estimate provided on the original analysis. The revenue estimate from the department’s prior analysis is included below for convenience. The remainder of the department’s analysis of the bill as introduced February 15, 2007, still applies.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S	Brian Putler	4/5/07
<input type="checkbox"/> SA		
<input type="checkbox"/> N		
<input type="checkbox"/> NA		
<input type="checkbox"/> NP		
<input type="checkbox"/> NAR		
<input checked="" type="checkbox"/> PENDING		
<input type="checkbox"/> OUA		

POSITION

Pending.

ECONOMIC IMPACT

Revenue Estimate

Based on data and assumptions discussed below, the personal income tax revenue loss from this bill would be as follows:

Estimated Revenue Impact of AB 393 Operative On Or After January 1, 2007 and Before January 1, 2008 Enactment Assumed After June 30, 2007 (\$ in Millions)			
	2007-08	2008-09	2009-10
Mortgage			
Insurance	-\$3	\$0	\$0

Revenue Discussion

This estimate is based on the Joint Committee on Taxation estimate of the cost to the Federal Government from the similar provision in the TRHCA. The Federal estimate was adjusted for state-national differences in the number of homeowners and in the tax rates. The provision applies only to insurance premium payments made during 2007.

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