State of California

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Legislative Change No. 09-2

Bill Number: SBX2 15 Author: Ashburn Chapter Number: 09X2-11

Laws Affecting Franchise Tax Board: Section 17059 of the Revenue and Taxation Code

Date Filed with the Secretary of State: February 20, 2009

SUBJECT: Principal Residence Purchase Credit

Senate Bill X2 15 (Ashburn), as enacted on February 20, 2009, made the following changes to laws impacting the Franchise Tax Board:

Section 17059 of the Revenue and Taxation Code is added and repealed.

This act provides a credit under the Personal Income Tax Law to an individual who is a purchaser of a qualified principal residence. The amount of the credit would be equal to the lesser of 5% of the purchase price of the qualified principal residence or $10,000.

The credit is allowed for one purchase of a qualified principal residence by an individual and would apply to purchases made on or after March 1, 2009, and before March 1, 2010.

The act requires that the credit be claimed in equal amounts over three taxable years, beginning with the taxable year in which the purchase of the residence is made.

Within one week of the sale of the qualified principal residence, the seller is required to provide to the purchaser and to the Franchise Tax Board (FTB) certification that the residence has never been previously occupied.

The total credit allowed is limited to $100 million. Upon receipt of certification from the seller, FTB will allocate the credit based on a first-come, first-serve basis. The credit must be claimed on a timely filed original return. The determination by FTB with respect to the date a certification is received, and whether a return has been timely filed, may not be reviewed in any administrative or judicial proceeding.

Any disallowance of a credit claimed on the basis of exceeding the $100 million limitation is treated as a mathematical error and any tax resulting from such disallowance may be assessed in the same manner as applicable to mathematical errors.

This act is effective on February 20, 2009, and operative as of that date.

The act remains in effect until December 1, 2013, and is repealed as of that date.

This act will not require any reports by the department to the Legislature.

Assistant Bureau Director	Date
Patrice Gau-Johnson	03/05/09