

State of California

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Legislative Change No. 10-26
Assembly Committee
Bill Number: AB 1612 Author: on Budget Chapter Number: **10-725**
Laws Affecting Franchise Tax Board: Section 17131.9 of the Revenue and Taxation Code
Date Filed with the Secretary of State: October 19, 2010

SUBJECT: Exclusion / In-Home Supportive Services (IHSS) Program Supplementary Payments

Assembly Bill 1612 (Assembly Committee on Budget), as enacted on October 19, 2010, made the following change to laws impacting the Franchise Tax Board:

Section 17131.9 of the Revenue and Taxation Code is added.

This act makes numerous changes to laws that are not administered by the Franchise Tax Board (FTB), including changes to the Civil Code, the Family Code, the Health and Safety Code, non-income tax parts of the Revenue and Taxation Code, and the Welfare Code. This act makes one change to the Revenue and Taxation Code that affects the Personal Income Tax Law administered by the FTB—the gross-income exclusion of IHSS supplementary payments, as explained below.

Sales Tax on IHSS Providers

This act imposes sales tax on the gross receipts of the sales of IHSS sold at retail in this state.

IHSS Supplementary Payment

This act requires that IHSS providers be paid a supplementary payment. The supplementary payment is equal to the IHSS sales tax, plus any Social Security and Medicare payroll withholdings that are increased due to the supplementary payment.

Gross-Income Exclusion

This act excludes from gross income for California income tax purposes IHSS supplementary payments.

This act is effective on October 19, 2010, and is specifically operative for taxable years beginning on or after January 1, 2010.

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

Assistant Bureau Director
Patrice Gau-Johnson

Date
11/10/10