

SUMMARY ANALYSIS OF AMENDED BILL

Author: Silva, et al. Analyst: Brian Werking Bill Number: AB 1552
 Related Bills: See Prior Analysis Telephone: 845-5103 Amended Date: March 22, 2012
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Property Tax Deduction

SUMMARY

This bill would allow any amount paid by a taxpayer that is shown on their property tax bill as a deduction on the state tax return.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The March 22, 2012, amendments remove language that would have allowed only Mello-Roos fees to be deductible, and added language that would allow any amount paid by a taxpayer on their property tax bill as a deduction. The amendments also add legislative findings and declarations, and provide additional co-authors to the bill.

As a result of the amendments, the "Implementation Consideration" as provided in the department's analysis of the bill as introduced January 26, 2012, has been remedied. The department has identified a new "Technical Consideration" and an additional "Policy Concern." For convenience, all new and existing concerns are provided below. The "This Bill" and "Economic Impact" discussions, as provided in the department's previous analysis, have been revised. The remainder of the department's analysis of the bill as introduced still applies.

ANALYSISTHIS BILL

This bill would allow a taxpayer to deduct on the California tax return, any amount paid by the taxpayer that is shown on their property tax bill.

TECHNICAL CONSIDERATIONS

The billing document as described within the language of this bill is a "real property tax bill." The bill does not specify "real property tax bill," but instead specifies a "property tax bill" as the billing document. Amendments 1 and 2 are provided to specify that the billing document is a "real property tax bill."

Board Position:

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Interim Legislative Director

Date

Titus Toyama

04/04/12

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue losses:

Estimated Revenue Impact of AB 1552 For Taxable Years Beginning On or After January 1, 2012 Assumed Enactment After June 30, 2012 (\$ in Millions)		
2012-13	2013-14	2014-15
-\$28	-\$45	-\$54

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

SUPPORT/OPPOSITION

Support: None provided.

Opposition: None provided.

POLICY CONCERNS

This bill would create differences between federal and California tax law, requiring taxpayers to review their property tax bills closely to calculate two different deduction amounts for the federal and state income tax returns, thereby increasing the complexity of California tax return preparation.

Many county real property tax bills contain non-tax fees for services such as garbage collection, water, sewage. This bill would create inequitable tax treatment between taxpayers living in counties that collect non-tax service fees through the real property tax bill and those taxpayers living in counties that collect the fees through a bill separate from the real property tax bill.

LEGISLATIVE STAFF CONTACT

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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 1552
AS AMENDED MARCH 22, 2012

AMENDMENT 1

On page 2, line 33 insert "real" before "property".

AMENDMENT 2

On page 3, line 5 insert "real" before "property".