

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Assembly Revenue and Taxation Committee Analyst: Scott McFarlane Bill Number: AB 242

Related Bills: See Prior Analysis Telephone: 845-6075 Amended Date: August 31, 2011

Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Conformity to Federal Health-Care Reform

**SUMMARY**

This bill would conform to four provisions of the federal health-care reform acts.<sup>1</sup>

**SUMMARY OF AMENDMENTS**

The August 31, 2011, amendments removed a provision that would have conformed to the increase to the adoptions assistance exclusion provided in section 10909 of the Patient Protection and Affordable Care Act (PPACA). As a result of the amendments, the "EFFECTIVE/OPERATIVE DATE," "FEDERAL/STATE LAW," "THIS BILL," and "ECONOMIC IMPACT" sections have been revised. The remainder of the department's analysis of the bill as amended June 29, 2011, still applies.

**RECOMMENDATION AND SUPPORTING ARGUMENTS**

No position.

**PURPOSE OF THE BILL**

The general purpose of conforming to changes in federal law is to simplify both the preparation of California income tax returns and the administration of California income tax laws.

<sup>1</sup> "Federal health-care reform" means the Patient Protection and Affordable Care Act (Public Law 111-148, March 23, 2010) and the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152, March 30, 2010).

Board Position:	Interim Legislative Director	Date
<input type="checkbox"/> S <input type="checkbox"/> NA <input checked="" type="checkbox"/> NP <input type="checkbox"/> SA <input type="checkbox"/> O <input type="checkbox"/> NAR <input type="checkbox"/> N <input type="checkbox"/> OUA	Anne Maitland	09/06/11

## EFFECTIVE/OPERATIVE DATE

This bill would be effective on January 1, 2012. The operative dates of conformity to the following four provisions of the PPACA would be as follows:

	<b>Act Section</b>	<b>Description</b>	<b>Operative Date</b>
1	PPACA 10908	Health professional's student loan repayment program exclusion and student loan forgiveness exclusion	For amounts received on or after January 1, 2010
2	PPACA 9021	Indian tribal government health benefits exclusion	For benefits/coverage provided after March 23, 2010
3	PPACA 9022	Safe harbor for small employer cafeteria plans	For taxable years beginning on or after January 1, 2011
4	PPACA 1515	Small employer cafeteria plans to allow Exchange-participating health plans	For taxable years beginning on or after January 1, 2014

## ANALYSIS

### FEDERAL/STATE LAW

See the Franchise Tax Board's (FTB's) report titled "[Summary of March, 2010, Federal Health Care Acts](#)" for a detailed discussion of federal and state laws that would be affected by this bill.

**THIS BILL**

This bill would conform to the following four provisions of the PPACA:

	<b>Act Section</b>	<b>Description</b>
1	PPACA 10908	Health professional's student loan repayment program exclusion and student loan forgiveness exclusion
2	PPACA 9021	Indian tribal government health benefits exclusion
3	PPACA 9022	Safe harbor for small employer cafeteria plans
4	PPACA 1515	Small employer cafeteria plans to allow Exchange-participating health plans

This bill would also make changes to the California Civil Code and the California Sales and Use Tax Law; however, because such changes would not affect the FTB, they are not addressed in this analysis.

**ECONOMIC IMPACT**

	<b>Act Section</b>	<b>Description</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
1	PPACA 10908	Health professional's student loan repayment program exclusion and student loan forgiveness exclusion	-\$400,000	-\$500,000	-\$350,000	-\$350,000
2	PPACA 9021	Indian tribal government health benefits exclusion	-\$50,000	-\$150,000	-\$80,000	-\$80,000
3	PPACA 9022	Safe harbor for small employer cafeteria plans	Negligible Loss	Negligible Loss	Negligible Loss	Negligible Loss
4	PPACA 1515	Small employer cafeteria plans to allow Exchange-participating health plans	No Impact	No Impact	Negligible Loss	Negligible Loss
<b>Totals</b>			<b>-\$450,000</b>	<b>-\$650,000</b>	<b>-\$430,000</b>	<b>-\$430,000</b>

**LEGISLATIVE STAFF CONTACT**

Scott McFarlane  
Legislative Analyst, FTB  
(916) 845-6075  
[scott.mcfarlane@ftb.ca.gov](mailto:scott.mcfarlane@ftb.ca.gov)

Anne Maitland  
Interim Legislative Director, FTB  
(916) 845-6333  
[anne.maitland@ftb.ca.gov](mailto:anne.maitland@ftb.ca.gov)