

SUMMARY ANALYSIS OF AMENDED BILL

Author: Perea, et al. Analyst: Scott McFarlane Bill Number: AB 1393
 Related Bills: See Prior Analysis Telephone: 845-6075 Amended Date: May 20, 2014
 Attorney: Bruce Langston Sponsor: _____

SUBJECT: Mortgage Forgiveness Debt Relief

SUMMARY

This bill would extend the state exclusion of mortgage forgiveness debt relief for one year, through 2013.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The May 20, 2014, amendments removed appropriation language that would have directed the Franchise Tax Board to pay refunds from the General Fund. As a result of these amendments, the "Implementation Considerations" section of the department's analysis of this bill as amended April 7, 2014, is revised and provided below. The remainder of the department's analysis of this bill as amended April 7, 2014, still applies, and the "This Bill" and "Economic Impact" sections are restated for convenience.

ANALYSIS

THIS BILL

This bill would extend California's modified conformity to mortgage forgiveness debt relief for one year, through 2013. Specifically,

- The California exclusion would be extended to apply to discharges occurring on or after January 1, 2013, and before January 1, 2014,
- The maximum amount of qualified principal residence indebtedness would be \$800,000 (\$400,000 in the case of a married/registered domestic partner (RDP) individual filing a separate return), and
- The total amount excludable from gross income would be limited to \$500,000 (\$250,000 in the case of a married/RDP individual filing a separate return).

Board Position:	Legislative Director	Date
_____ S _____ NA <u> X </u> NP _____ SA _____ O _____ NAR _____ N _____ OUA	Gail Hall	06/02/14

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the department's programs or operations.

ECONOMIC IMPACT

Revenue Estimate

Estimated Revenue Impact of AB 1393 As Amended May 20, 2014 Assumed Enactment Before June 30, 2014 (\$ in Millions)		
2013-14	2014-15	2015-16
- \$35	- \$4	\$0

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

SUPPORT/OPPOSITION¹

Support: California Bankers Association; California Reinvestment Coalition Center for Responsible Lending; Consumers Union; and the Housing and Economic Rights Advocate.

Opposition: Unknown.

LEGISLATIVE STAFF CONTACT

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¹ The source of Support/Opposition is the Senate Governance and Finance Committee analysis of this bill as amended April 7, 2014.