

ITEM 5 – LEGISLATIVE UPDATE

Presented by: Jahna Carlson, Assistant Legislative Director

The presentation will discuss the bills that were chaptered during this session and bills that are currently enrolled to the Governor. Specifically, the presentation will include the following chapter legislation that has already been signed by the Governor.

AB 91 – Loophole Closure and Small Business and Working Families Tax Relief Act of 2019

AB 91 provided for an increase in the number of California working families eligible for the California Earned Income Credit, created a Young Child Tax Care Credit, and provided tax relief to California small businesses by conforming to portions of the federal Tax Cut and Jobs Act of 2017.

Some of the provisions of AB 91 provided for the following:

- Increased the number of families eligible to claim the California Earned Income Credit
- Created the Young Child Tax Care Credit which allows a credit up to \$1,000 per year to qualified families that are eligible for the California Earned Income Credit
- Conformed to federal provisions which allow increased contributions to ABLE accounts and allows rollovers between ABLE accounts and 529 plans; both of which will help California families to plan for future expenses.
- Conforms to the federal changes to the definition of a small business for certain accounting method provisions, which increases the number of California small businesses eligible to utilize the accounting methods.

AB 101 – Housing Development and Financing

AB 101 provided for an additional \$500,000,000 to be allocated for the Low Income Housing Credit for certain low-income housing projects. This bill also makes changes to allow the Low Income Housing Credit easier to claim and eases the restriction of the sale of the credit.

SB 78 – Heath Omnibus

SB 78 creates a California Individual Healthcare Mandate, a program similar to the Affordable Care Act (ACA) administered by the IRS, but the state program will be administered by the California Health Benefit Exchange (Exchange), also known as Covered California, and the Franchise Tax Board.

- Beginning January 1, 2020, California residents and their dependents are required to obtain and maintain monthly healthcare coverage, unless they qualify for an exemption from the mandate.
- If an individual required to obtain health insurance under the mandate fails to obtain healthcare coverage, a penalty per uninsured person may be imposed on the individual. This penalty is referred to as the Individual Shared Responsibility Penalty.
- Taxpayers may be eligible to receive subsidies from the Exchange to help cover the cost of their required insurance. At the end of each year, taxpayers are required to reconcile the subsidies received based on projected income against their subsidies they were entitled to based on actual income which may result in a refund or a liability depending on the difference between the actual subsidy received and the subsidy they were entitled to receive.

SB 92 – Office of Tax Appeals: Establish an Alternative to Appear Before a Tax Appeals Panel

This bill would require the OTA to establish a process for an appellant to opt to appear before one ALJ rather than a tax appeals panel if the dispute is related to the personal or corporate income tax and the total dispute is less than five thousand dollars.

AB 984 – Suicide Prevention Voluntary Tax Contribution Fund

AB 984 allows taxpayers to make voluntary contributions to the Suicide Prevention Voluntary Tax Contribution Fund on their state personal income tax returns.

SB 309 – California Senior Citizen Advocacy Voluntary Tax Contribution Fund

SB 309 allows taxpayers to make voluntary contributions to the California Senior Citizen Advocacy Voluntary Tax Contribution Fund on their state personal income tax returns.

In addition, the presentation may discuss other legislation that is chaptered after these Board materials were prepared.