

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Alquist & Cunneen Analyst: Kristina North Bill Number: AB 2

Related Bills: See previous analysis Telephone: 845-6978 Amended Date: June 28, 1999

Attorney: Patrick Kusiak Sponsor:

SUBJECT: Exclusion/Educational Assistance Programs Payments/Includes Graduate Level Courses

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended June 1, 1999.
- AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- DEPARTMENT POSITION CHANGED TO _____.
- REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED DECEMBER 7, 1998, AND AMENDED APRIL 21, 1999, and JUNE 1, 1999, STILL APPLY.
- OTHER - See comments below.

SUMMARY OF BILL

This bill would allow an employee to exclude from gross income the amount that an employer pays or incurs, up to \$2,625, for the employee to take graduate level courses in pursuit of a law, business, medical or other advanced academic or professional degree beginning on or after July 1, 1999, and on or before June 30, 2007.

SUMMARY OF AMENDMENT

The June 28, 1999, amendment limits the educational assistance exclusion to \$2,625 for graduate level courses as described in "subparagraph (D) of subdivision (b)" and specifies that the graduate level courses for which an exclusion is allowed by this bill begin on or after July 1, 1999, and before July 1, 2007, rather than before July 2, 2007.

Except for the above discussion and the resulting technical consideration, the remainder of the department's bill analyses of the bill as introduced December 7, 1998, and as amended April 21, and June 1, 1999, still apply.

TECHNICAL CONSIDERATION

An unclear reference to subparagraph (D) could cause taxpayer confusion. Amendment 1 is provided to clarify the reference.

BOARD POSITION

Support.

At its meeting of March 23, 1999, the Franchise Tax Board voted 2-0 to take a support position on this bill as introduced December 7, 1998.

Board Position:

<input checked="" type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input type="checkbox"/> PENDING

Department/Legislative Director Date

Johnnie Lou Rosas **07/09/1999**

Analyst	Kristina North
Telephone #	845-6978
Attorney	Patrick Kusiak

FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 2
As Amended June 28, 1999

AMENDMENT 1

On page 2, line 16, after "subparagraph (D)", insert:
of paragraph (1)