

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Schiff Analyst: Kristina E. North Bill Number: SB 1453

Related Bills: See Prior Analysis Telephone: 845-6978 Amended Date: April 10, 2000

Attorney: Patrick Kusiak Sponsor:

SUBJECT: College Tuition and Student Fees Deduction

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

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 February 8, 2000.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 8, 2000, STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL), this bill would allow a deduction up to \$10,000 for college tuition costs and student fees paid or incurred by the taxpayer for the taxpayer or for one of the taxpayer's dependents.

SUMMARY OF AMENDMENT

The April 10, 2000, amendment includes student fees in the amount that may be deductible and limits this deduction to \$10,000 per taxpayer, per taxable year, for either the taxpayer or one dependent of the taxpayer.

The April 10, 2000, amendment partially resolved the internal conflict of the prior version of this bill by allowing student fees to qualify for the deduction.

The March 27, 2000, amendment specifies that this deduction would be allowed only for college tuition costs incurred at a nationally or regionally accredited private or public college, university, graduate school, professional school, or trade and vocational institution.

Except for the changes in this analysis, the remainder of the department's analysis of this bill as introduced February 8, 2000, still applies. The new and remaining implementation concerns are provided below with the new revenue estimate and the Board position.

Board Position:

<input 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 checked="" type="checkbox"/> PENDING

Legislative Director

Date

Johnnie Lou Rosas

5/31/00

Implementation Considerations

Definitions are needed for "tuition costs," "college," "student fees," "professional school," and "trade or vocational institution." For example, it is unclear if "student fees" would include fees for parking, clubs and other fees or costs not directly related to registration fees. Definitions for these terms would resolve any potential disputes.

While this bill limits the deduction to one dependent of the taxpayer, it is silent on whether the maximum deduction can be claimed by both husband and wife taxpayers (i.e., \$10,000 for husband and \$10,000 for wife). In the absence of additional language to the contrary, the \$10,000 maximum deduction would apply for each taxpayer.

Tax Revenue Estimate

In the analysis of the bill as introduced February 8, 2000, student fees and trade and vocational school were included in the estimate of college tuition costs. Trade and vocational schools were subsequently added in the bill as amended May 27, 2000, and student fees were added in the bill as amended April 10, 2000. Thus, the revenue estimate for the bill as introduced remains the same.

BOARD POSITION

Pending.