

SUMMARY ANALYSIS OF AMENDED BILL

Muratsuchi &
Author: Ridley-Thomas Analyst: Jon Feenstra Bill Number: AB 461
Related Bills: See Prior Telephone: 845-4870 Amended Date April 6, 2017
Analysis Attorney: Bruce Langston Sponsor: _____

SUBJECT: Student Loan Debt Relief

SUMMARY

This bill would, under the Personal Income Tax law, modify the cancelled or repaid student loans that are excluded from gross income.

RECOMMENDATION – NO POSITION

SUMMARY OF AMENDMENTS

The April 6, 2017 amendments added a sunset date and a coauthor.

Except for the “Effective/Operative Date,” “This Bill,” and “Economic Impact” sections, the remainder of the department's analysis of the bill as introduced on February 13, 2017, still applies. The “Technical Considerations” and “Fiscal Impact” sections are restated for convenience.

EFFECTIVE/OPERATIVE DATE

As a tax levy, this bill would be effective immediately upon enactment and specifically operative for taxable years beginning on or after January 1, 2017, and before January 1, 2022.

THIS BILL

This bill would, for taxable years beginning on or after January 1, 2017, and before January 1, 2022, exclude from gross income student loan debt that is cancelled or repaid under loan repayment plans for public service employees that are administered by the U.S. Department of Education.

TECHNICAL CONSIDERATIONS

The language that would exclude from gross income student loan debt that is cancelled or repaid under loan repayment plans for public service employees is unnecessary because existing state law, Revenue and Taxation Committee section 17131, provides this exclusion as of the specified date of January 1, 2015.

FISCAL IMPACT

This bill would not impact the department's costs.

ECONOMIC IMPACT

This bill as amended on April 6, 2017, would not impact state income or franchise tax revenue. The revenue estimate as introduced on February 13, 2017 still applies.

LEGISLATIVE STAFF CONTACT

Jon Feenstra
Legislative Analyst, FTB
(916) 845-4870
jon.feenstra@ftb.ca.gov

Jame Eiserman
Revenue Manager, FTB
(916) 845-7484
jame.eiserman@ftb.ca.gov

Diane Deatherage
Legislative Director, FTB
(916) 845-6333
diane.deatherage@ftb.ca.gov