



Bill Analysis

Author: Wallis

Sponsor:

Bill Number: AB 2219

Related Bills: See Legislative
History

Introduced: February 7, 2024

SUBJECT

Security Surveillance System Tax Credit

SUMMARY

Under the Personal Income Tax Law (PITL), this bill would allow for a credit against net tax for the purchase and installation of a security surveillance system.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

Not applicable.

REASON FOR THE BILL

The reason for the bill is to assist California residents in affording the cost of a home security surveillance system.

ANALYSIS

Under the PITL, this bill would allow for a credit against net tax for the purchase and installation of a security surveillance system for taxable years beginning on or after January 1, 2025, and before January 1, 2030. The credit would be equal to 100% of the amount paid or incurred during the taxable year for the purchase and installation of a security surveillance system at the taxpayer's qualified residence. The credit would be limited to a maximum of two hundred and fifty dollars (\$250) per taxable year.

Each qualified residence would only be eligible for one credit per taxable year. For taxpayers filing a joint return, only one credit could be claimed per qualified residence. In the case of married taxpayers filing separate, only one taxpayer may claim the credit.

Unused credits would have an unlimited carryover period.

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The bill defines the following terms:

"Security surveillance systems" means any video, audio, or photographic recording devices installed for purposes of surveilling or recording activity occurring at the qualified residence.

"Qualified residence" means a single-family residence located in the state that is the taxpayer's primary residence.

This credit would be repealed on December 1, 2030.

The bill includes Revenue and Taxation Code section 41 requirements that would provide that the measurement of effectiveness of the credit would be the number of taxpayers that received the credit. The Franchise Tax Board (FTB) would be required to annually report to the legislature the credit data beginning no later than December 1, 2026, and each December 1 thereafter.

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, 2025, and before January 1, 2030.

Federal/State Law

Existing federal and state laws provide various tax credits designed to provide tax relief for taxpayers who incur certain expenses (e.g., child adoption) or to influence behavior, including business practices and decisions (e.g., research credits or hiring credits). These credits generally are designed to provide incentives for taxpayers to perform various actions or activities that they may not otherwise undertake.

Current state and federal laws generally allow taxpayers engaged in a trade or business to deduct all expenses that are considered ordinary and necessary in conducting that trade or business.

Currently, there are no federal or state credits comparable to the credit this bill would create.

Implementation Considerations

The FTB has identified the following implementation consideration and is available to work with the author's office to resolve this and other considerations that may be identified.

This bill requires the FTB to prepare a report on the performance of the credit allowed by this bill by December 1, 2026, and each December 1 thereafter. If the author's

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intent is to be able to review a report that contains complete information for the 2025 taxable year, it is recommended that the report due date be extended to a later date. For instance, the due date for the 2025 personal income tax return is April 15, 2026, with extension individuals may file as late as October 15, 2026. The FTB needs approximately six months to complete return processing and to compile the needed data to prepare a report. As a result, it is recommended that the reporting due date be no earlier than May of 2027 to provide information for the 2025 taxable year. If the reporting due date remains unchanged, the report would include the information available at that time.

This bill uses undefined term, "primary residence" within the definition of qualified residence. The absence of definitions could lead to taxpayer confusion. For clarity, the author may wish to amend the bill to define this term.

Technical Considerations

For consistency of terminology, consider replacing the term "received" in paragraph (3) of subdivision (e) with "claimed."

For consistency of terminology, consider replacing the phrase "In the case of two taxpayers who may legally file a joint return but file separate returns," with "If an individual has filed a separate return for a taxable year for which a joint return could have been filed" in subdivision (c).

Policy Considerations

None noted.

LEGISLATIVE HISTORY

AB 54 (Olsen, 2017/2018) would, on and after January 1, 2017, and before January 1, 2022, allow a deduction for the amount paid or incurred by a taxpayer for the purchase and installation of a security fence, a security alarm system, or a security surveillance system at the taxpayer's qualified residence. The deduction is not to exceed \$500. The bill did not pass.

PROGRAM BACKGROUND

None noted.

FISCAL IMPACT

The department's costs to implement this bill have yet to be determined. As the bill moves through the legislative process, costs will be identified.

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ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 2219 as introduced February 7, 2024
Assumed Enactment after June 30, 2024

(\$ in Millions)

| Fiscal Year | Revenue |
|-------------|---------|
| 2024-2025 | n/a |
| 2025-2026 | -\$260 |
| 2026-2027 | -\$250 |

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

LEGAL IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

To be determined.

ARGUMENTS

To be determined.

LEGISLATIVE CONTACT

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