

Proposed Personal Income Tax Changes

AMENDMENT 1

SEC. . Section 17039.3 is added to the Revenue and Taxation Code to read:

17039.3. Notwithstanding any provision of this part or Part 10.2 (commencing with Section 18401) to the contrary, for each taxable year beginning on or after January 1, 2014, any credit otherwise allowable under any provision of Chapter 2 (commencing with Section 17041) or Section 17063, including the carryover of any credit under any provision of Chapter 2 (commencing with Section 17041) from a prior taxable year, any former provision of that chapter, or Section 17063, shall not be allowed against the "net tax" (as defined in Section 17039).

AMENDMENT 2

SEC. . Section 17041.2 is added to the Revenue and Taxation Code to read:

17041.2. (a) For each taxable year beginning on or after January 1, 2012, and before January 1, 2013, Section 17041 is modified to provide that the percentages specified in paragraph (1) of subdivision (a) and paragraph (1) of subdivision (c) shall be reduced by XX percent.

(b) For each taxable year beginning on or after January 1, 2013, and before January 1, 2014, Section 17041 is modified to provide that the percentages specified in paragraph (1) of subdivision (a) and paragraph (1) of subdivision (c) shall be reduced by XX percent.

AMENDMENT 3

SEC. . Section 17041.3 is added to the Revenue and Taxation Code to read:

17041.3.(a)(1) For each taxable year beginning on or after January 1, 2014, Section 17041 is modified to provide that the percentages and income tax brackets specified in paragraph (1) of subdivision(a)shall be the percentages and income tax brackets in paragraph(2)in lieu of each of the percentages and income tax brackets contained therein.

(2)If the taxable income is:	The tax is:
Not over \$28,000	2.75% of the taxable income
Over \$28,000	\$770 plus 6.5% of the

excess over \$28,000

(b)(1) For each taxable year beginning on or after January 1, 2014, Section 17041 is modified to provide that the percentages and income tax brackets specified in paragraph (1) of subdivision (c) shall be the percentages and income tax brackets in paragraph (2) in lieu of each of the percentages and income tax brackets contained therein.

(2) If the taxable income is:	The tax is:
Not over \$42,000	2.75% of the taxable income
Over \$42,000	\$1,155 plus 6.5% of the excess over \$42,000

(c) The income tax brackets in paragraph (2) of subdivision (a) and paragraph (2) of subdivision (b) shall be recomputed in accordance with subdivision (h) of Section 17041, modified by substituting “2015” for “1988”.

AMENDMENT 4

SEC. . Section 17064 is added to the Revenue and Taxation Code to read:

17064. (a) This chapter shall not apply to taxable years beginning on or after January 1, 2014, and shall be repealed as of January 1, 2015.

AMENDMENT 5

SEC. . Section 17073 of the Revenue and Taxation Code is amended to read:

17073. (a) Section 63 of the Internal Revenue Code, relating to taxable income defined, shall apply, except as otherwise provided.

~~(b) The deduction allowed by Section 17208.1, relating to interest on loans or financed indebtedness obtained from a publicly owned utility for the purchase and installation of energy efficient products or equipment, may not be treated as a miscellaneous itemized deduction under Section 67(a) of the Internal Revenue Code, relating to the 2-percent floor on miscellaneous deductions.~~

For each taxable year beginning on or after January 1, 2014, Section 63(a) of the Internal Revenue Code is modified to provide that the term “taxable income” means adjusted gross income (as defined in Section 17072), minus either “itemized deductions” (as defined in subdivision (c)) or the standard deduction computed in accordance with Section 17073.5.

~~(c) For individuals who do not itemize deductions, the standard deduction computed in accordance with Section 17073.5 shall be allowed as a deduction in computing taxable income.~~

(c) For each taxable year beginning on or after January 1, 2014, Section 63(d) of the Internal Revenue Code, relating to itemized deductions, is modified to provide that the term “itemized deductions” means only the deduction for each of the following:

(1) The deduction for qualified residence interest under Section 163(h)(2)(D) of the Internal Revenue Code.

(2) The deduction for real property taxes under Section 164(a)(1) of the Internal Revenue Code.

(3) The deduction under Section 170 of the Internal Revenue Code, relating to charitable, etc., contributions and gifts.

(d) Section 17077, and Section 68 of the Internal Revenue Code, relating to overall limitation on itemized deductions, shall not apply to taxable years beginning on or after January 1, 2014.

AMENDMENT 6

SEC. . Section 17073.5 of the Revenue and Taxation Code is amended to read:

17073.5. (a) A taxpayer may elect to take a standard deduction as follows:

(1) In the case of a taxpayer, other than a head of a household or a surviving spouse (as defined in Section 17046) or a married couple filing a joint return, the standard deduction shall be ~~one thousand eight hundred eighty dollars (\$1,880)~~ twenty-two thousand, five hundred dollars (\$22,500).

(2) In the case of a head of household or a surviving spouse (as defined in Section 17046) or a married couple filing a joint return, the standard deduction shall be ~~three thousand seven hundred sixty dollars (\$3,760)~~ forty-five thousand dollars (\$45,000).

(b) The standard deduction provided for in subdivision (a) shall be in lieu of all deductions other than those which are to be subtracted from gross income in computing adjusted gross income under Section 17072.

(c) (1) The provisions of this section shall be applied in lieu of the provisions of Sections 63(c) and 63(f) of the Internal Revenue Code, relating to standard deductions.

(2) Notwithstanding paragraph (1), Section 63(c)(5) of the Internal Revenue Code, relating to limitations on the standard deduction of certain dependents, and Section 63(c)(6) of the Internal Revenue Code, relating to certain individuals not eligible for the standard deduction, shall apply, except as otherwise provided. For purposes of this paragraph, the amount specified in Section 63(c)(5) of the Internal Revenue Code shall be adjusted for inflation in accordance with the provisions of Section 63(c)(4) of the Internal Revenue Code.

(d) For each taxable year beginning on or after January 1, ~~1988~~ 2015, the Franchise Tax Board shall recompute the standard deduction amounts prescribed in subdivision (a). That computation shall be made as follows:

(1) The California Department of Industrial Relations shall transmit annually to the Franchise Tax Board the percentage change in the California Consumer Price Index for all items from June of the prior calendar year to June of the current calendar year, no later than August 1 of the current calendar year.

(2) The Franchise Tax Board shall compute an inflation adjustment factor by adding 100 percent to that portion of the percentage change figure which is furnished pursuant to paragraph (1) and dividing the result by 100.

(3) The Franchise Tax Board shall multiply the standard deduction amounts in the preceding taxable year by the inflation adjustment factor determined in paragraph (2), and round off the resulting products to the nearest one dollar (\$1).

(4) In computing the standard deduction amounts pursuant to this subdivision, the amount provided in paragraph (2) of subdivision (a) shall be twice the amount provided in paragraph (1) of subdivision (a).

(e) The amendments to this section by the act adding this subdivision shall apply to taxable years beginning on or after January 1, 2014.

AMENDMENT 7

SEC. . Section 17938 is added to the Revenue and Taxation Code to read:

17938. This chapter shall not apply to taxable years beginning on or after January 1, 2012, and shall be repealed as of January 1, 2013.

AMENDMENT 8

SEC. . Section 17947.5 is added to the Revenue and Taxation Code to read:

17947.5. This chapter shall not apply to taxable years beginning on or after January 1, 2012, and shall be repealed as of January 1, 2013.

AMENDMENT 9

SEC. . Section 17948.5 is added to the Revenue and Taxation Code to read:

17948.5. This chapter shall not apply to taxable years beginning on or after January 1, 2012, and shall be repealed as of January 1, 2013.