

STATE CAPITOL  
ROOM 205  
SACRAMENTO, CA 95814  
TEL (916) 651-4024  
FAX (916) 651-4924

DISTRICT OFFICE  
1808 W. SUNSET BLVD  
LOS ANGELES, CA 90026  
TEL (213) 483-9300  
FAX (213) 483-9305



STANDING COMMITTEE  
SENATE RULES  
CHAIR

## SENATOR KEVIN DE LEÓN

### PRESIDENT PRO TEMPORE

## SB 227 (De León) Protect California Taxpayers Act

### PURPOSE

To mitigate the targeted federal tax increases on California residents in the GOP's recently enacted tax reform legislation.

### BACKGROUND

On December 20, 2017, President Trump signed into law a sweeping tax proposal that will add at least \$1 trillion to the federal deficit. Specifically, the new law caps the state and local tax deduction at \$10,000, a move that will increase taxes nationally by \$36 billion dollars in 2018 and \$90 billion by the year 2024.

In California, about one third, or about 6 million taxpayers, itemized deductions on their tax returns, claiming an average of \$18,438 for state and local taxes.

### PROPOSAL

The Protect California Taxpayers Act will allow California taxpayers to make charitable donations to the California Excellence Fund, and in turn the taxpayer will receive a dollar-for-dollar tax credit for their contribution. The taxpayer will then be able to deduct the contribution from their federal taxes just as they have historically done with their state tax payments.

The proposal builds upon a California tax credit, as well as other credits in various states around the country. In 2014, the California Legislature passed SB 798 the College Access Tax Credit (de León). The College Access Tax Credit provides a tax credit for contributions made to the Cal Grant program.

Additionally, 17 states use this model to fund private education. The states include Alabama, Arizona, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Louisiana, Minnesota, Montana, Nevada, New Hampshire, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Virginia, and Wisconsin.