

Taxation Committee

Submitted by: Shawn Tsai, West San Gabriel Valley Association of REALTORS®

Taxation had no action items.

State Taxation Issues:

1. California Governor's Budget
2010-2011 Projected Budget Deficit of \$18.9 billion.
 - \$6.6 billion from 2009-2010
 - \$12.3 billion operating deficit for 2010-2011
2. Expansion of DRE "Poison Pill" to Special Funds
 - CAR sponsored legislation to create a "2-Part" Poison Pill.
 - CAR Board of Directors has approved sponsoring legislation in 2010 to prevent DRE reserve funds transfers to other special funds.
3. Housing Tax Credit Proposals
 - SB49 (Dutton) Housing Tax Credit
 - CAR: Support
 - Status: Senate Revenue & Taxation Committee
 - SB206 (Dutton) REO Homebuyer Tax Credit
 - Status: Senate Revenue & Taxation Committee
 - AB 765 (Caballero) Housing Tax Credit
 - CAR: Support
 - AB902 (Torres) Foreclosed Homes Income Tax Credit
 - CAR: Oppose, unless amended to use alternative funding sources.
4. Vote Reduction Proposals
 - SCA 6 (Simitian) Vote Threshold Reduction for Parcel Taxes
 - CAR: Oppose
 - SCA 12 (Kehoe) Special Tax and Bonded Indebtedness Vote Threshold Reduction
 - CAR: Oppose
 - ACA 9 (Huffman) Property Tax and Special Tax Vote Threshold Reduction
 - CAR: Oppose
 - ACA 10 (Torlakson) Education Finance District Special Vote Threshold Reduction
 - CAR: Oppose
 - ACA 15 (Arambula) Local Transportation Project Special Tax Vote Threshold Reduction
 - CAR: Oppose

5. Property Tax – Proposition 60 & other
 - AB321 (Niello) Retention of Spouse’s Eligibility – Prop 60
 - CAR: Support
 - SB 274 / SCA 11 (Dutton) Transfer to More Expensive Home
 - CAR: Support
 - AB 157 (Anderson) Property Tax Base Year Value Transfer for Disaster Relief
 - CAR: Support

6. Transaction Tax
 - SB 97 (R. Calderon) Conforms to Original Federal Debt Forgiveness Legislation
 - CAR: Support
 - AB 111 (Niello) Cancellation of Mortgage Indebtedness
 - CAR: Support
 - AB 827 (Yamada) Recording Fees to Fund Historical County Records
 - CAR: Oppose

Federal Taxation Issues:

1. Commercial Investment – Tax Extenders
 - CAR: No policy
 - NAR: Oppose
2. Homebuyer Tax Credit
 - Extended and expanded the homebuyer tax credit program to 04/30/2010
3. Expiring Tax Breaks
 - to offset some of the 2009 spending
4. Estate Tax
 - proposal to extend 2009 exemptions and tax rates permanently
5. Mortgage Interest Deduction
 - Proposals to change deductibility of mortgage interest
6. Other issues
 - Carried Interest - to be taxed at capital gain rate of 15%?
 - HELOC – to eliminate deductibility of interest?
 - Capital Gain Tax Rate – to increase to 20% for higher income people?
 - Carbon Tax – more tax for home with more than 2,500 sq ft footprint?
 - 1031 Exchanges – ideas being tossed around. Nothing concrete.
 - With the deficit, nothing is off the table.