



SEN. GEORGE RUNNER (RET.)

VICE CHAIR
STATE BOARD OF EQUALIZATION
CALIFORNIA'S TAX BOARD

March 18, 2015

Assemblyman Philip Y. Ting, Chair
Assembly Committee on Revenue and Taxation
1020 N Street, Room 167A
Sacramento, CA 95814

RE: ASSEMBLY BILL 99 (PEREA) – TAXATION: MORTGAGE DEBT FORGIVENESS ▪ SUPPORT ▪

Dear Assemblyman Ting,

I am pleased to support Assembly Bill 99, which conforms state law to the federal *Tax Increase Prevention Act of 2014* with minor modifications, extending tax relief to borrowers who received home loan modifications, completed specified short sales, or lost their homes to foreclosure last year.

From 2007 to 2012, California law provided virtually the same tax relief under both federal and state law to homeowners who negotiated a short sale, received a principal reduction, or lost their home to foreclosure. With the passage of AB 1393, California continued to provide this same relief to struggling homeowners through the end of 2013. Currently, without a legislative remedy, borrowers who received loan modifications, completed short sales, or had a home foreclosed in 2014 may have to report as taxable income the amount of debt forgiven by a lender.

Without this bill, many borrowers who faced hardship last year may find themselves once again in an uncertain financial situation if they are saddled with a tax burden resulting from forgiven debt. For this reason, AB 99 is necessary to provide tax relief to thousands of Californians who could easily be elevated into higher tax brackets based upon forgiven mortgage debt. I urge your "aye" vote when the bill is heard in your committee on March 23.

Sincerely,

A handwritten signature in blue ink, appearing to read "G. Runner".

.....
1st District

cc: Assembly Member Perea
Julia King, Policy Consultant, Senate Republican Caucus