SEN. GEORGE RUNNER (RET.)
MEMBER
STATE BOARD OF EQUALIZATION
CALIFORNIA'S TAX BOARD

June 29, 2016

Assemblymember Lorena Gonzalez, Chair
Assembly Appropriations Committee
State Capitol, Room 2114
Sacramento, CA 95814

RE: SENATE BILL 526 (FULLER/RUNNER)—FTB: JOINT RETURNS: RELIEF FROM LIABILITY ▪ CO-SPONSOR ▪

Dear Assemblymember Gonzalez:

Along with Chairwoman Fiona Ma, I am pleased to co-sponsor Senate Bill 526, which gives the FTB additional power to consider a divorce agreement when determining if one spouse can be relieved of a tax liability.

Specifically, the FTB will have the ability to honor a divorce agreement that assigns the liability to the spouse who didn't earn or was not in sole control of the money that generated the liability. The bill also gives the FTB the ability to honor an agreement if the income reported on the return was up to $200,000 and the liability was up to $10,000. This amount will be adjusted annually. (Current law is not adjusted annually and FTB is limited to following agreements with reported income of less than $150,000 and a liability less than $7,500.)

Board Members regularly hear income tax cases that have been appealed to the Board where a spouse has requested that the BOE enforce the terms of a divorce decree and assign a tax liability to the spouse who agreed to pay it. If spouses have reached a mutual agreement on the separation of their assets and debts, the FTB should have more authority to honor their agreement. In short, tax agencies should have the ability to respect divorce settlements. This is not only good for California taxpayers but is a more efficient use of time for the court system and tax agencies.

Although the provisions of the bill apply to either spouse, the vast majority of cases involve women who were being held liable for the tax notwithstanding the language of their divorce decrees. Therefore, SB 526 will assist in easing the financial burden of divorced women who, as dictated in the divorce agreement, have no legal obligation to pay the tax. Therefore, I urge your "aye" vote when the bill is heard in your committee.

Sincerely,

GEORGE RUNNER
1st District

cc: Senators Fuller and Runner
Eric Swanson, Assembly Republican Caucus

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