

**Introduced by Senators Stern and Galgiani**  
(Coauthors: Assembly Members Limón and Santiago)

February 17, 2017

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An act to add and repeal Sections 17053 and 17153 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 807, as introduced, Stern. Personal income taxes: credit: exclusion: Teacher Recruitment and Retention Act of 2017.

The Personal Income Tax Law allows various credits against the taxes imposed by that law.

This bill, for taxable years beginning on or after January 1, 2017, and before January 1, 2027, would allow a credit under the Personal Income Tax Law in an amount equal to the costs paid or incurred by a qualified taxpayer, as defined to include specified teachers, to earn a clear credential, as specified.

The Personal Income Tax Law, in conformity with federal income tax law, generally defines gross income as income from whatever source derived, except as specifically excluded, and provides various exclusions from gross income.

This bill would provide an exclusion from gross income for qualified income received on or after January 1, 2017, and before January 1, 2027, by an eligible teacher, as defined, for specified educational work.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) This act shall be known and may be cited as  
2 the Teacher Recruitment and Retention Act of 2017.

3 (b) Pursuant to subdivision (a) of Section 41 of the Revenue  
4 and Taxation Code, the Legislature finds and declares all of the  
5 following:

6 (1) Research demonstrates the most important in-school factor  
7 affecting pupil achievement is the classroom teacher. Pupils with  
8 effective teachers are more likely to earn higher salaries, attend  
9 college, and save more for retirement and are less likely to be  
10 teenage parents.

11 (2) Over 30 percent of new teachers in California leave the  
12 profession in the first five years. According to the California State  
13 Teachers' Retirement System, teachers leave the profession at a  
14 rate six times greater than other public employees, and 50 percent  
15 faster than first responders.

16 (3) The shortage of teachers in California is reaching critical  
17 levels in a number of teaching disciplines and geographic areas of  
18 the state and is projected to get worse with the oncoming wave of  
19 baby boomer retirements.

20 (4) Aspiring teachers in California often report the path for  
21 completing requirements for a preliminary credential, induction,  
22 and clearing a credential is uneven and costly. Some teachers face  
23 unexpected mandatory paycheck deductions and program closures  
24 for training required to clear a credential and legally teach in  
25 California, making it unnecessarily difficult to remain in teaching.

26 (5) Teacher shortages affect turnover within and across districts;  
27 and, on average, high teacher turnover rates have a negative impact  
28 on pupil achievement, and the effect is more pronounced in  
29 high-minority, high-poverty schools.

30 (6) The Teacher Recruitment and Retention Act of 2017  
31 structurally addresses the current and growing shortage of teachers  
32 in schools and districts across the state by addressing challenges  
33 of entering the field of teaching, supporting novice teachers, and  
34 incentivizing effective teachers to remain in the classroom,  
35 recognizing the significance of their contribution to the children  
36 and the people of the State of California.

37 SEC. 2. Section 17053 is added to the Revenue and Taxation  
38 Code, to read:

1 17053. (a) For each taxable year beginning on or after January  
2 1, 2017, and before January 1, 2027, there shall be allowed to a  
3 qualified taxpayer a credit against the “net tax,” as defined in  
4 Section 17039, that is imposed on qualified income in an amount  
5 equal to the qualified costs paid or incurred during the taxable year  
6 to earn a clear teaching credential.  
7 (b) For purposes of this section:  
8 (1) “Qualified costs” include those paid or incurred for any of  
9 the following:  
10 (A) Participation in a program of beginning teacher support  
11 assessment.  
12 (B) Tuition for a master’s degree leading to a clear teaching  
13 credential.  
14 (C) Certification assessments, including performance  
15 assessments.  
16 (D) Tuition for years four and five in an integrated program of  
17 professional preparation, as described in Section 44259.1 of the  
18 Education Code.  
19 (2) “Qualified income” means any income received by the  
20 qualified taxpayer from a teaching position in which at least 50  
21 percent of the work time is spent instructing pupils.  
22 (3) “Qualified taxpayer” means a taxpayer who is a teacher of  
23 record in a California school. A taxpayer does not need to have a  
24 clear teaching credential or a full-time position as a teacher of  
25 record to be a “qualified taxpayer” for purposes of the credit  
26 allowed by this section.  
27 (c) In the case where the credit allowed by this section exceeds  
28 the “net tax,” the excess may be carried over to reduce the “net  
29 tax” in the following year, and succeeding four years if necessary,  
30 until the credit is exhausted.  
31 (d) The Franchise Tax Board may issue any regulations  
32 necessary or appropriate to implement the purposes of this section  
33 and may, in its discretion, consult with the Commission on Teacher  
34 Credentialing and the State Board of Education. The Commission  
35 on Teacher Credentialing and the State Board of Education shall  
36 not issue any regulations with regard to this section without  
37 consultation with the Franchise Tax Board.  
38 (e) This section shall remain in effect only until December 1,  
39 2027, and as of that date is repealed.

1 SEC. 3. Section 17153 is added to the Revenue and Taxation  
2 Code, to read:  
3 17153. (a) Gross income does not include any qualified income  
4 received on or after January 1, 2017, and before January 1, 2027,  
5 by an eligible teacher.  
6 (b) For purposes of this section:  
7 (1) “Eligible teacher” is a taxpayer who meets all of the  
8 following requirements:  
9 (A) Is a teacher of record in a California public school teaching  
10 any of the grades kindergarten through 12th grade, inclusive.  
11 (B) Holds a clear teaching credential.  
12 (C) For the first year in which the exclusion allowed by this  
13 section applies, is in at least the sixth school year, as described by  
14 Section 37200 of the Education Code, as a teacher of record in a  
15 California school.  
16 (2) “Qualified income” means any income received by an  
17 eligible teacher from a teaching position in which at least 50  
18 percent of the work time is spent instructing pupils.  
19 (c) The Franchise Tax Board may issue any regulations  
20 necessary or appropriate to implement the purposes of this section  
21 and may, in its discretion, consult with the Commission on Teacher  
22 Credentialing and the State Board of Education. The Commission  
23 on Teacher Credentialing and the State Board of Education shall  
24 not issue any regulations with regard to this section without  
25 consultation with the Franchise Tax Board.  
26 (d) This section shall remain in effect only until December 1,  
27 2027, and as of that date is repealed.  
28 SEC. 4. This act provides for a tax levy within the meaning of  
29 Article IV of the California Constitution and shall go into  
30 immediate effect.