

**RESOLUTION 01-01-2018 – AS AMENDED**

**DIGEST**

Revenue and Taxation: Exclusion of Teacher’s Housing Allowance from Gross Income  
Adds Revenue and Taxation Code section 17131.113 to provide that the “gross income” for a public school teacher shall not include the housing allowance paid to the teacher.

**STATEMENT OF REASONS**

The Problem: California is facing a critical shortage of qualified public school teachers, particularly in high-needs fields such as math and science. A 2016 survey of over 200 California school districts revealed that three out of four districts reported having a shortage of qualified teachers and that this shortage has gotten worse in the preceding two years. Districts reported having to hire untrained teachers and substitutes, assign teachers out of field, cancel courses, and increase class sizes. They also report efforts to respond to shortages with a variety of policies to strengthen teacher preparation partnerships and pathways into the district, increase compensation, improve hiring and management, and enhance working conditions. In urban districts, which often have a higher percentage of students of color, the high cost of living was one of the most frequently cited problems in engaging and retaining qualified teachers.

The Solution: This resolution reduces the income tax on public school teachers by excluding from gross income either the value of housing furnished by the school district or the rental allowance, which shall be based upon the fair rental value of the home, including furnishings and appurtenances such as a garage, plus the cost of utilities. In areas with a high cost of living, the amount excluded from income will be higher, enabling public school teachers to live in the communities in which they work.

**TEXT OF RESOLUTION**

**RESOLVED** that the Conference of California Bar Associations recommends that legislation be sponsored to add Revenue and Taxation Code section 17131.3 to read as follows:

- 1 §17131.113
- 2 In the case of a full-time, accredited teacher at a public primary or secondary educational
- 3 institution, gross income does not include:
- 4 (1) the rental value of a home furnished to the teacher as part of her or his compensation;
- 5 or
- 6 (2) the housing allowance paid to the teacher as part of her or his compensation, to the
- 7 extent used by the teacher to rent or provide a home and to the extent such allowance does not
- 8 exceed the fair rental value of the home, including furnishings and appurtenances such as a
- 9 garage, plus the cost of utilities.
- 10 The school district shall provide each teacher with an annual written notice stating the
- 11 housing allowance, which shall be a good faith estimate based upon the fair rental value of the
- 12 home, including furnishings and appurtenances such as a garage, plus the cost of utilities.

(Proposed new language underlined; language to be deleted stricken)

**PROPONENT:** Contra Costa County Bar Association

**IMPACT STATEMENT**

The resolution does not affect any other law, statute or rule other than those expressly identified.

**CURRENT OR PRIOR RELATED LEGISLATION**

None known.

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**RESOLUTIONS COMMITTEE RECOMMENDATION  
APPROVE IN PRINCIPLE WITH RECOMMENDED AMENDMENTS**

History:

No similar resolutions found.

Reasons:

This resolution adds Revenue and Taxation Code section 17131.3 to provide that the “gross income” for a public school teacher shall not include the housing allowance paid to the teacher. This resolution should be approved in principle with recommended amendments because it will provide a means to recruit qualified teachers to areas with high housing costs.

The purpose of Revenue and Taxation Code section 17131.3 is to provide an incentive to public school teachers to accept employment in school districts with high housing costs, which are often communities consisting of a higher percentage of students of color. The high cost of housing often is an impediment for such school districts in attracting and retaining qualified teachers. This amendment would allow a public school teacher to exclude a housing allowance from “gross income” for purposes of reducing the income tax burden of qualified teachers in school districts that offer housing allowances to teachers.

The resolution proposes to add Section 17131.3 to the Revenue and Taxation Code. However, this numerical section already exists in the Code. The resolution should be amended to add a different code section that is not already in use.