

SUMMARY ANALYSIS OF AMENDED BILL

Author: Portantino, et al. Analyst: Matthew Cooling Bill Number: AB 1662
 Related Bills: See Prior Analysis Telephone: 845-5983 Amended Date: March 10, 2010
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Disaster Loss Deduction/Excess Loss Carryover/August 2009 Los Angeles County Wildfires/January 2010 Los Angeles County Winter Storms

_____ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

_____ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

_____ AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.

_____ FURTHER AMENDMENTS NECESSARY.

_____ DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED
 January 19, 2010, STILL APPLIES.

OTHER – See comments below.

SUMMARY

This bill would allow special tax treatment, called disaster loss treatment, for losses sustained as a result of the August 2009 Los Angeles County wildfires and the January 2010 Los Angeles County winter storms.

This analysis will not address the bill's changes to the Property Tax Law, as they do not impact the department or state income tax revenue.

SUMMARY OF AMENDMENTS

The March 10, 2010, amendments would provide disaster loss treatment for the Los Angeles County winter storms that were declared a state of emergency by the acting governor on January 21, 2010. The amendments would also add a coauthor.

As a result of the amendments, the "This Bill" and "Program Background" discussions have been revised and are provided below. Except for the revisions discussed, the department's previous analysis of the bill as introduced January 19, 2010, continues to apply. The "Economic Impact" discussion has been provided below for convenience.

Board Position:	Legislative Director	Date
_____ S	Patrice Gau-Johnson	03/12/10
_____ NA		
_____ SA		
_____ N		
_____ NP		
_____ O		
_____ NAR		
_____ OUA		
_____ X PENDING		

POSITION

Pending.

ANALYSIS

PROGRAM BACKGROUND

Governor Arnold Schwarzenegger proclaimed on August 28, 2009, a state of emergency declaring the wildfires that occurred in Los Angeles and Monterey Counties to be a state disaster. President Obama did not declare either one of these fires to be a federal disaster.

Acting Governor Edmund G. Brown, Jr. proclaimed on January 21, 2010, a state of emergency declaring the severe winter storms that occurred in Los Angeles, Orange, Riverside, San Francisco, and Siskiyou Counties to be a state of disaster.

THIS BILL

This bill would add the wildfires that occurred in Los Angeles County in August 2009 and the winter storms that occurred in Los Angeles County in January 2010 to the current list of specified disasters under the Personal Income Tax Law and the Corporation Tax Law. This bill would allow taxpayers affected by the wildfires and winter storms to elect to file an amended return for the prior taxable year to deduct the disaster loss and reduce the prior year tax liability, resulting in an expedited refund. This bill would also allow carry forward treatment for up to 15 taxable years for excess losses sustained as a result of the wildfires and winter storms.

Specifically, this bill would allow special disaster treatment of losses sustained as a result of these disasters. The \$100 and 10 percent of adjusted gross income limitations in existing law would apply to disaster losses on non-business property.

ECONOMIC IMPACT

The revenue impact has not been determined at this time, but will be developed as the bill moves through the legislative process.

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