

REVISED ANALYSISAuthor: Portantino, et al. Analyst: Matthew Cooling Bill Number: AB 1662Related Bills: See Prior Analysis Telephone: 845-5983 Amended Analysis Date: March 10, 2010Attorney: Patrick Kusiak Sponsor: _____**SUBJECT:** Disaster Loss Deduction Los Angeles County Wildfires And Winter Storms REVENUE ESTIMATE CHANGED. FURTHER CONCERNS IDENTIFIED. REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED
STILL APPLIES. OTHER – See comments below.**SUMMARY OF BILL**

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 and February 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 REVISION

This analysis of the bill as amended March 10, 2010, is being updated to include the President's disaster declaration for the winter storms that occurred in Southern California in January 2010, which was not identified in the previous analysis of the bill as amended March 10, 2010.

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

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 in August 2009 to be a state disaster. President Obama did not declare either one of these fires to be a federal disaster.

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Date:

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On March 8, 2010, President Obama declared a federal disaster for the severe winter storms, flooding, and debris and mud flows in Calaveras, Imperial, Los Angeles, Riverside, San Bernardino, and Siskiyou counties in January and February 2010.

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. As a governor-proclaimed disaster, this portion of the 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 portion of the 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.

As a Presidentially-declared disaster, existing law allows taxpayers affected by the January and February 2010 Calaveras, Imperial, Los Angeles, Riverside, San Bernardino, and Siskiyou County 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.

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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