

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Portantino, et al. Analyst: Angela Raygoza Bill Number: AB 1662  
 Related Bills: See Prior Analysis Telephone: 845-7814 Amended Date: August 31, 2010  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Disaster Loss Deduction/Excess Loss Carryover/August 2009 Los Angeles & Monterey, Placer, and July 2010 Kern County Wildfires & January 2010 Calaveras, Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Francisco, & Siskiyou 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 wildfires that occurred in August 2009 in Placer, Los Angeles and Monterey Counties, and in July 2010 in Kern County and the winter storms that occurred in January 2010 in Calaveras, Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Francisco, and Siskiyou Counties.

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 August 31, 2010, amendments added language that would provide disaster loss treatment for the wildfires that occurred in Placer County in August 2009 and Kern County in July 2010.

Board Position:	Asst. Legislative Director	Date
_____ S	Patrice Gau-Johnson	9/3/10
_____ NA		
_____ SA		
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_____ N		
_____ OUA		
_____ NP		
_____ NAR		
_____ X PENDING		

As a result of the amendments, the “This Bill” and “Revenue Impact” discussions in the department’s prior analysis of the bill as amended April 7, 2010, have been revised. The “Law” and “Effective/Operative Date” discussions of the revised original bill analysis dated January 19, 2010, still apply.

## **ANALYSIS**

### **PROGRAM BACKGROUND**

Governor Arnold Schwarzenegger proclaimed on August 28, 2009, a state of emergency declaring the wildfires that occurred in August of 2009 in Los Angeles and Monterey Counties to be state disasters. On August 30, 2009, and July 26, 2010, the Governor proclaimed a state of emergency declaring the wildfires that occurred in Placer County during August 2009, and in Kern County during July 2010, to be state disasters. President Obama did not declare either one of these fires as federal disasters.

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. President Obama did not include San Francisco in the declaration.

### **THIS BILL**

This bill would add the wildfires that occurred in Placer, Los Angeles and Monterey Counties in August 2009 and in Kern County in July 2010, and the winter storms that occurred in Calaveras, Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Francisco, and Siskiyou Counties in January and February 2010 to the current list of specified disasters under the Personal Income Tax Law and the Corporation Tax Law.

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 Counties 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.

As a governor-proclaimed disaster, taxpayers affected by the wildfires that occurred in Placer, Los Angeles and Monterey Counties in August 2009 and in Kern County in July 2010 and the winter storms that occurred in San Francisco County in January 2010, could 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.

## ECONOMIC IMPACT

### Revenue Estimate

This bill would result in the following revenue impact:

Estimated Revenue Impact of AB1662 As Amended August 31, 2010 Effective Immediately Upon Enactment Enactment Assumed by September 30, 2010		
2009-10	2010-11	2011-12
-\$22,000	+\$10,000	+\$11,000

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

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