

SUMMARY ANALYSIS OF AMENDED BILL

Author: Nava, et al. Analyst: Angela Raygoza Bill Number: AB 50
 Related Bills: See Legislative History Telephone: 845-7814 Amended Date: April 22, 2010
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Disaster Loss Deduction/Excess Loss Carryover/August 2009 Placer County Wildfires

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 AMENDED

September 1 and 4, 2009, 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 commencing in August 2009, in Placer County.

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

SUMMARY OF AMENDMENTS

The April 22, 2010, amendments removed language that would have done the following:

- Allowed disaster loss treatment for the wildfires that occurred during November, 2008, in Orange, Riverside, San Bernardino, and Santa Barbara County wildfires, and May 2009, in Santa Barbara County,
- Provided contingent enactment language, and
- Provided double-jointing language to resolve chaptering conflicts between this bill and AB 15 (Fuentes, 2009/2010).

Board Position:	Asst. Legislative Director	Date
_____ S		
_____ SA		
_____ N		
_____ NA		
_____ O		
_____ OUA		
_____ NP		
_____ NAR		
<input checked="" type="checkbox"/> PENDING	Patrice Gau-Johnson	05/17/10

The amendments added language that would add the wildfires that commenced in August 2009 in Placer County to the specified list of disasters.

As a result of the amendments, the “Program Background,” “This Bill,” “Legislative History,” and “Economic Impact” discussions, as provided in the department’s analysis of the bill as amended September 1 and 4, 2009, have been revised. A technical consideration has been added to address a chaptering conflict. The remainder of the department’s analysis dated September 1 and 4, 2009, still applies.

ANALYSIS

PROGRAM BACKGROUND

On August 30, 2009, Governor Arnold Schwarzenegger proclaimed a state of emergency declaring the wildfires that occurred in Placer County to be a state disaster. As of May 14, 2010, President Barack Obama has not proclaimed a federal disaster for this wildfire.

THIS BILL

As a Governor-proclaimed disaster, this bill would allow taxpayers affected by the August 2009 Placer County wildfire 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 special carry forward treatment for up to fifteen taxable years for losses sustained as a result of the wildfire.

TECHNICAL CONSIDERATION

This bill, AB 1662 (Portantino, et al., 2009/2010), and AB 1690 (Chesboro, et al., 2009/2010) would amend the same sections to allow disaster loss treatment to the different specified disasters in those bills. As a result, this could lead to chaptering conflicts that could chapter out the provisions of the other bills. To prevent chaptering conflicts, it is recommended that the author amend the bill to add triple jointing language.

LEGISLATIVE HISTORY

AB 15 (Fuentes, 2009/2010) would have allowed taxpayers disaster loss treatment for losses sustained as a result of the wildfires that occurred in Los Angeles County during November 2008. The bill was amended on May 12, 2010, to remove disaster loss language in the Revenue and Taxation Code and add language that would amend the Penal Code. This bill is currently in the Committee Rules.

AB 79 (Duvall, 2009/2010) would allow taxpayers disaster loss treatment for losses sustained as a result of the wildfires that occurred in the Orange County during November 2008. This bill was held under submission in the Senate.

AB 1662 (Portantino, et al., 2009/2010) would allow disaster loss treatment for losses sustained as a result of the severe winter storms in January 2010 in the Counties of Calaveras, Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Francisco, and Siskiyou. This bill is currently located in the Assembly Appropriations suspense file.

AB 1690 (Chesboro, et al., 2009/2010) would allow disaster loss treatment for losses sustained as a result of the earthquake that occurred on January 9, 2010, in Humboldt County. This bill is currently located in Assembly Appropriations.

AB 1766 (Gaines, 2009/2010) would allow disaster loss treatment for losses sustained as a result of the wildfire that occurred in August 2009 in Placer County. This bill is currently located in Assembly Appropriations.

ECONOMIC IMPACT

Revenue Estimate

The revenue impact from this bill would be as follows:

Estimated Revenue Impact of AB 50 As Amended April 22, 2010 Assumed Enacted September 30, 2010				
Fiscal Impact	2009-10	2010-11	2011-12	Cumulative Total
Placer County	-\$2,000	+\$1,000	+\$1,000	\$0

Any possible changes in employment, personal income, or gross state product that might result from this bill are not taken into account.

LEGISLATIVE STAFF CONTACT

Legislative Analyst

Angela Raygoza

(916) 845-7814

angela.raygoza@ftb.ca.gov

Revenue Manager

Monica Trefz

(916) 845-4002

monica.trefz@ftb.ca.gov

Asst. Legislative Director

Patrice Gau-Johnson

(916) 845-5521

patrice.gau-johnson@ftb.ca.gov