

SUMMARY ANALYSIS OF AMENDED BILL

Author: Hill Analyst: Jessica Matus Bill Number: AB 50
 Related Bills: ABX6 11 (2009/2010) Telephone: 845-6310 Amended Date: February 3, 2011
 Attorney: Patrick Kusiak Sponsor: Author

SUBJECT: Exclusion/Compensation Received From PG&E/San Bruno Gas Explosion

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

December 6, 2010, STILL APPLIES.

OTHER – See comments below.

SUMMARY

For the victims of the September 9, 2010, San Bruno natural gas transmission line explosion and fire (hereinafter “explosion”), this bill would do the following:

- Make compensation provided by Pacific Gas and Electric Company (PG&E), the city of San Bruno, or the American Red Cross not taxable for state income tax purposes, and
- Make gains from the involuntary conversion of property destroyed in the explosion not taxable for state income tax purposes.

SUMMARY OF AMENDMENTS

The February 3, 2011, amendments expanded the list of payors from whom compensation would be excluded from gross income. The amendments would make technical changes to correct a cross reference error and correct a spelling error. One of the Technical Considerations discussed in the department’s analysis of the bill as introduced December 6, 2010, remains to be resolved. The unresolved Technical Consideration has been provided below for convenience. In addition, the “This Bill” discussion has been revised. The remainder of the analysis of the bill as introduced still applies.

Board Position:	Legislative Director	Date
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<input checked="" type="checkbox"/> PENDING	Brian Putler	02/14/11

ANALYSIS

THIS BILL

This bill would treat the explosion as a qualified disaster and treat any compensation provided by PG&E, the city of San Bruno, or the American Red Cross to victims of the explosion as a qualified disaster relief payment excludable from gross income under current state income tax law.

Additionally, this bill would allow victims of the explosion to exclude from gross income for state income tax purposes any gain from the compulsory or involuntary conversion of their property as a result of its destruction, in whole or in part, by the explosion. (Under current law, gain from the compulsory or involuntary conversion of property may be merely postponed until the sale of the replacement property.)

TECHNICAL CONSIDERATIONS

On page 2, line 11, strikeout "Section 17131, within the meaning of".

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