

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Hernandez Analyst: Brian Werking Bill Number: SB 1544  
 Related Bills: See Prior Analysis Telephone: 845-5103 Amended Date: May 2, 2012  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Disaster Loss Deduction/NOL Carryover/ November 2011 Los Angeles & San Bernardino County Severe Winds

**SUMMARY**

This bill would allow disaster loss treatment for losses sustained as a result of the severe winds that occurred in November of 2011 in the counties of Los Angeles and San Bernardino.

**RECOMMENDATION**

No position.

**SUMMARY OF AMENDMENTS**

The May 2, 2012, amendments recast the disaster loss provisions of the bill and now provide disaster loss treatment and protection for net operating loss (NOL) carryovers for NOLs attributable to losses that occurred as a result of the severe winds in the counties of Los Angeles and San Bernardino.

As a result of the amendments, the "This Bill" and "Program Background" discussion, as provided in the department's analysis of the bill as introduced February 2, 2012, have been revised. A revenue analysis has been developed, and is provided below. The remainder of the department's previous analysis still applies. The "Fiscal Impact" section has been restated for convenience.

**ANALYSIS**

THIS BILL

This bill would allow taxpayers who suffered disaster losses as the result of the severe winds that occurred in November of 2011 in the counties of Los Angeles and San Bernardino to elect to file an amended return for the prior taxable year to deduct the disaster losses and reduce the prior year tax liability. Taxpayers would be able to claim the disaster losses earlier than otherwise, resulting in an expedited refund. A taxpayer would have until the extended due date of the 2011 taxable year's return to elect to file an amended return for the prior taxable year to deduct the disaster losses in the prior year.

This bill would also provide limited protection from future net operating loss suspension or similar legislation for net operating losses attributable to the disaster losses sustained from the November 2011 severe winds in the counties of Los Angeles and San Bernardino.

Board Position:	Interim Legislative Director	Date
_____ S                      _____ NA <u>  X  </u> NP _____ SA                      _____ O                      _____ NAR _____ N                      _____ OUA	Titus Toyama	05/08/12

## PROGRAM BACKGROUND

Governor Jerry Brown proclaimed on December 9, 2011, a state of emergency for the County of Los Angeles and the City of Rancho Cucamonga in San Bernardino County as a result of the severe winds that occurred beginning on November 30, 2011.

President Barack Obama did not declare the severe winds a federal disaster.

## FISCAL IMPACT

This bill would not significantly impact the department's costs.

## ECONOMIC IMPACT

### Revenue Estimate

This bill would result in the following revenue impact:

Estimated Revenue Impact of SB1544 as Amended on 5/2/2012 For Taxable Years Beginning On or After January 1, 2011 Assumed Enactment After June 30, 2012		
2011-12	2012-13	2013-14
-\$8,000	+\$4,000	+\$4,000

This analysis is based on preliminary estimates of the damage/loss sustained by individuals and business entities as result of the November 2011 severe wind in Los Angeles County and San Bernardino County.

## SUPPORT/OPPOSITION<sup>1</sup>

Support: None provided.

Opposition: None provided.

## LEGISLATIVE STAFF CONTACT

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<sup>1</sup> As provided in the Senate Governance and Finance Committee's analysis of the bill as amended May 2, 2012, at <[http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb\\_1501-1550/sb\\_1544\\_cfa\\_20120503\\_160316\\_sen\\_comm.html](http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_1501-1550/sb_1544_cfa_20120503_160316_sen_comm.html)> [as of May 8, 2012].