

SUMMARY ANALYSIS OF AMENDED BILL

Author: Skinner Analyst: David Scott Bill Number: AB 769
 Related Bills: See Prior Analysis Telephone: 845-5806 Amended Dates: April 8 and 23, 2013
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Net Operating Loss Deduction/Disallow Carryback

SUMMARY

This bill would eliminate the two-year carryback of net operating losses (NOLs), so that NOLs could only be carried forward.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The April 8, 2013, amendments would have specified legislative requirements for any measure that would allow a personal income or corporation tax credit introduced on or after January 1, 2014, required new tax credits to cease to be operative no later than three years after the effective date of the new credits, and required a minimum of two-thirds vote of each house to pass new credits.

In addition, the April 8, 2013, amendments would have required the Board of Equalization and the Franchise Tax Board to adopt specific requirements for specified tax expenditures enacted prior to January 1, 2014, and would have made those specified tax expenditures inoperative on June 20, 2017, unless the inoperative date was extended by legislation.

The April 23, 2013, amendments removed the April 8, 2013, amendments. The department's analysis of the bill as introduced on February 21, 2013, still applies.

ANALYSIS

THIS BILL

This bill would remove the language in the Personal Income Tax Law¹ and the Corporation Tax Law² that allows taxpayers to carry back an NOL to the two previous taxable years and offset income from those years, and specifically state that NOL carrybacks are disallowed.

¹ Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code.

Board Position:	Legislative Director	Date
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SUPPORT/OPPOSITION

Support: None provided.

Opposition: None provided.

LEGISLATIVE STAFF CONTACT

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² Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code.