

## 2008 CONFORMITY DECISION TABLES

| <b>Heartland, Habitat, Harvest, and Horticulture Act of 2008 (HHHHA)(PL 110-246)</b><br>(Table 2 of the Revenue Tables) |                                                                                                                      |                  |                                  |                    |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------|----------------------------------|--------------------|
| <b>Act Section</b>                                                                                                      | <b>Provisions</b>                                                                                                    | <b>DECISION</b>  |                                  |                    |
|                                                                                                                         |                                                                                                                      | <b>CONFORM</b>   | <b>CONFORM WITH MODIFICATION</b> | <b>NOT CONFORM</b> |
| 15302                                                                                                                   | Two-Year Extension of Special Rule Encouraging Contributions of Capital Gain Real Property For Conservation Purposes | ✓                |                                  |                    |
| 15303                                                                                                                   | Deduction for Endangered Species Recovery Expenditures                                                               | ✓                |                                  |                    |
| 15344                                                                                                                   | Three Year Depreciation for Race Horses That are Two Years Old or Younger                                            | PIT <sup>1</sup> |                                  | <b>CORP</b>        |
| 15351                                                                                                                   | Limitation of Excess Farm Losses of Certain Taxpayer                                                                 | ✓                |                                  |                    |
| 15353                                                                                                                   | Information Reporting for Commodity Credit Corporation Transactions                                                  | ✓                |                                  |                    |

| <b>Heroes Earnings Assistance and Relief Tax Act of 2008 (HEARTA)(PL 110-245)</b><br>(Table 3 of the Revenue Tables) |                                                                                                                             |                 |                                  |                    |
|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------------|--------------------|
| <b>Act Section</b>                                                                                                   | <b>Provisions</b>                                                                                                           | <b>DECISION</b> |                                  |                    |
|                                                                                                                      |                                                                                                                             | <b>CONFORM</b>  | <b>CONFORM WITH MODIFICATION</b> | <b>NOT CONFORM</b> |
| 107                                                                                                                  | Distribution from Retirement Plans to Individuals Called to Active Duty                                                     | ✓               |                                  |                    |
| 109                                                                                                                  | Contributions of Military Death Gratuities to Roth IRAs and Education Savings Accounts                                      | ✓               |                                  |                    |
| 110                                                                                                                  | Suspension of 5-Year Period during Service with the Peace Corps                                                             | ✓               |                                  |                    |
| 112                                                                                                                  | State Payments to Service Members Treated as Qualified Military Benefits                                                    | ✓               |                                  |                    |
| 113                                                                                                                  | Permanent Exclusion of Gain from Sale of a Principal Residence by Certain Employees of the Intelligence Community           | ✓               |                                  |                    |
| 114                                                                                                                  | Special Disposition Rules for Unused Benefits in Health Flexible Spending Arrangements of Individuals Called to Active Duty | ✓               |                                  |                    |
| 303                                                                                                                  | Increase in Minimum Penalty on Failure to File a Return of Tax                                                              | ✓               |                                  |                    |

<sup>1</sup> One party objected to the general policy of conforming under PIT law and not under corporate law.

**Housing and Economic Recovery Act of 2008 (HERA)(PL 110-289)**  
(Table 4 of the Revenue Tables)

| Act Section | Provisions                                                                                           | DECISION                                                             |                           |             |
|-------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------|-------------|
|             |                                                                                                      | CONFORM                                                              | CONFORM WITH MODIFICATION | NOT CONFORM |
| 3001-3005   | Various Housing Tax Incentives Related to the Low-Income Housing Tax Credit                          | ✓                                                                    |                           |             |
| 3012        | Additional Standard Deduction for Real Property Taxes for Nonitemizers                               | Expired - Defer to EESA (PL 110-343), Div. C, Title II, Act Sec. 204 |                           |             |
| 3091        | Returns relating to Payments made in Settlement of Payment Card and Third-Party Network Transactions | ✓ <sup>2</sup>                                                       |                           |             |
| 3092        | Gain from Sale of Principal Residence Allocated to Nonqualified Use Not Excluded from Income         | ✓                                                                    |                           |             |

**Hubbard Act of 2008 (PL 110-317)**  
(Table 5 of the Revenue Tables<sup>3</sup>)

| Act Section | Provisions                                                     | DECISION |                           |             |
|-------------|----------------------------------------------------------------|----------|---------------------------|-------------|
|             |                                                                | CONFORM  | CONFORM WITH MODIFICATION | NOT CONFORM |
| 9           | Repeal of Dollar Limitation on Contributions to Funeral Trusts | ✓        |                           |             |

**Emergency Economic Stabilization Act of 2008 (EESA)(PL 110-343)**  
(Table 6 of the Revenue Tables<sup>4</sup>)

| Act Section                                        | Provisions                                                    | DECISION |                           |             |
|----------------------------------------------------|---------------------------------------------------------------|----------|---------------------------|-------------|
|                                                    |                                                               | CONFORM  | CONFORM WITH MODIFICATION | NOT CONFORM |
| <b>EESA Division A, Title III - Tax Provisions</b> |                                                               |          |                           |             |
| 301                                                | Gain or Loss from Sale or Exchange of Certain Preferred Stock |          |                           | ✓           |

<sup>2</sup> For purposes of this item, conforming means adding the federal information return required under IRC section 6050W to the list of information returns FTB may obtain upon request under R&TC section 18631.

<sup>3</sup> This Act was not previously included in the 2008 Summary of Federal Income Tax Changes; and, it was not included revenue tables distributed at the April 3, 2009 interested-parties meeting. The 2008 Summary of Federal Income Tax Changes has been updated to include this Act, and the revenue tables are revised accordingly.

<sup>4</sup> This was Table 5 in the prior version of the revenue tables, distributed at the April 3, 2009 interested-parties meeting.

**Emergency Economic Stabilization Act of 2008 (EESA)(PL 110-343)**  
 (Table 6 of the Revenue Tables<sup>4</sup>)

| Act Section                                                                                | Provisions                                                                                                                                                                                      | DECISION         |                           |                |
|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------------|----------------|
|                                                                                            |                                                                                                                                                                                                 | CONFORM          | CONFORM WITH MODIFICATION | NOT CONFORM    |
| 302                                                                                        | Special Rules for Tax Treatment of Executive Compensation of Employers Participating in the Troubled Assets Relief Program                                                                      | ✓ <sup>5</sup>   |                           |                |
| 303                                                                                        | Extension of Exclusion of Income from Discharge of Qualified Principal Residence Indebtedness                                                                                                   |                  | Defer to SB 97 and AB 111 | ✓ <sup>6</sup> |
| <b><i>EESA Division B, Title I, Subtitle B - Carbon Mitigation and Coal Provisions</i></b> |                                                                                                                                                                                                 |                  |                           |                |
| 116                                                                                        | Certain Income and Gains Relating to Industrial Source Carbon Dioxide Treated as Qualifying Income for Publicly Traded Partnerships                                                             | ✓                |                           |                |
| <b><i>EESA Division B, Title II - Energy Production Incentives</i></b>                     |                                                                                                                                                                                                 |                  |                           |                |
| 201                                                                                        | Inclusion of Cellulosic Biofuel in Bonus Depreciation for Biomass Ethanol Plant Property                                                                                                        |                  |                           | ✓              |
| 208                                                                                        | Certain Income and Gains Relating to Alcohol Fuels and Mixtures, Biodiesel Fuels and Mixtures, and Alternative Fuels and Mixtures Treated as Qualifying Income for Publicly Traded Partnerships | ✓                |                           |                |
| 209                                                                                        | Extension and Modification of Election to Expense Certain Refineries                                                                                                                            |                  |                           | ✓              |
| <b><i>EESA Division B, Title III - Energy Conservation and Efficiency Provisions</i></b>   |                                                                                                                                                                                                 |                  |                           |                |
| 303                                                                                        | Energy Efficient Commercial Buildings Deduction                                                                                                                                                 |                  |                           | ✓              |
| 306                                                                                        | Accelerated Recovery Period for Depreciation of Smart Meters and Smart Grid Systems                                                                                                             | PIT <sup>7</sup> |                           | CORP           |
| 308                                                                                        | Special Depreciation Allowance for Certain Reuse and Recycling Property                                                                                                                         |                  |                           | ✓              |

<sup>5</sup> Two parties objected to conforming to this provision because it applies to recipients of federal TARP funds, and the state is not involved in distributing TARP funds.

<sup>6</sup> One party objected to deferring to SB 97 and AB 111 because those bills would conform to federal law with significant modifications; instead, the party recommended conforming without modifications.

<sup>7</sup> One party objected, stating that because ratepayers already subsidize this property, an accelerated recovery period should not be allowed.

**Emergency Economic Stabilization Act of 2008 (EESA)(PL 110-343)**  
(Table 6 of the Revenue Tables<sup>4</sup>)

| Act Section                                                                                        | Provisions                                                                                                                                                                                                | DECISION       |                           |                |
|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------|----------------|
|                                                                                                    |                                                                                                                                                                                                           | CONFORM        | CONFORM WITH MODIFICATION | NOT CONFORM    |
| <b><i>EESA Division C, Title II - Extension of Individual Tax Provisions</i></b>                   |                                                                                                                                                                                                           |                |                           |                |
| 204                                                                                                | Additional Standard Deduction for Real Property Taxes for Nonitemizers                                                                                                                                    | ✓ <sup>8</sup> |                           |                |
| <b><i>EESA Division C, Title III - Extension of Business Tax Provisions</i></b>                    |                                                                                                                                                                                                           |                |                           |                |
| 301                                                                                                | Extension and Modification of Research Credit                                                                                                                                                             |                |                           | ✓ <sup>9</sup> |
| 305                                                                                                | Extension of 15-Year Straight-Line Cost Recovery for Qualified Leasehold Improvements and Qualified Restaurant Improvements; 15-Year Straight Line Cost Recovery for Certain Improvements to Retail Space |                |                           | ✓              |
| 306                                                                                                | Modification of Tax Treatment of Certain Payments to Controlling Exempt Organizations                                                                                                                     | ✓              |                           |                |
| 307                                                                                                | Basis Adjustment to Stock of S Corporations Making Charitable Contributions of Property                                                                                                                   | ✓              |                           |                |
| 311                                                                                                | Extension of Election to Expense Advanced Safety Mine Equipment                                                                                                                                           |                |                           | ✓              |
| 317                                                                                                | Seven-Year Cost Recovery Period for Motorsports Racing Track Facility                                                                                                                                     | PIT            |                           | CORP           |
| 323                                                                                                | Enhanced Charitable Deductions for Contributions of Food Inventory                                                                                                                                        | ✓              |                           |                |
| 324                                                                                                | Extension of Enhanced Charitable Deduction for Contributions of Book Inventory                                                                                                                            | ✓              |                           |                |
| <b><i>EESA Division C, Title IV - Extension of Tax Administration Provisions</i></b>               |                                                                                                                                                                                                           |                |                           |                |
| 402                                                                                                | Permanent Authority for Disclosure of Information Relating to Terrorists Activities                                                                                                                       |                |                           | ✓              |
| <b><i>EESA Division C, Title V, Subtitle A - General Provisions</i></b>                            |                                                                                                                                                                                                           |                |                           |                |
| 505                                                                                                | Certain Farming Business Machinery and Equipment Treated as 5-Year Property                                                                                                                               | PIT            |                           | CORP           |
| 506                                                                                                | Modification of Penalty on Understatement of Taxpayer's Liability by Tax Return Preparer                                                                                                                  | ✓              |                           |                |
| <b><i>EESA Division C, Title VII, Subtitle A - Heartland and Hurricane Ike Disaster Relief</i></b> |                                                                                                                                                                                                           |                |                           |                |
| 703                                                                                                | Reporting Requirements Relating to Disaster Relief Contributions                                                                                                                                          | ✓              |                           |                |

<sup>8</sup> One party objected because California is not conformed to the federal standard deduction, and has a state standard deduction in lieu of the federal deduction.

<sup>9</sup> One party objected, stating California should conform in order to allow the alternative simplified method.

**Emergency Economic Stabilization Act of 2008 (EESA)(PL 110-343)**  
(Table 6 of the Revenue Tables)

| Act Section                                                                                                               | Provisions                                                              | DECISION |                           |             |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|----------|---------------------------|-------------|
|                                                                                                                           |                                                                         | CONFORM  | CONFORM WITH MODIFICATION | NOT CONFORM |
| <b><i>EESA Division C, Title VII, Subtitle B - National Disaster Relief</i></b>                                           |                                                                         |          |                           |             |
| 706                                                                                                                       | Losses Attributable to Federally Declared Disasters                     | ✓        |                           |             |
| 707                                                                                                                       | Expensing of Qualified Disaster Expenses                                |          |                           | ✓           |
| 708                                                                                                                       | Net Operating Losses Attributable to Federally Declared Disasters       |          |                           | ✓           |
| 710                                                                                                                       | Special Depreciation Allowance for Qualified Disaster Property          |          |                           | ✓           |
| 711                                                                                                                       | Increased Expensing for Qualified Disaster Assistance Property          |          |                           | ✓           |
| <b><i>EESA Division C, Title VIII - Spending Reductions and Appropriate Revenue Raisers for New Tax Policy Relief</i></b> |                                                                         |          |                           |             |
| 801                                                                                                                       | Nonqualified Deferred Compensation from Certain Tax Indifferent Parties |          |                           | ✓           |

**Worker, Retiree, and Employer Recovery Act of 2008 (WRERA)(PL 110-458)**  
(Table 7 of the Revenue Tables<sup>10</sup>)

| Act Section                                               | Provisions                                                                   | DECISION |                                              |             |
|-----------------------------------------------------------|------------------------------------------------------------------------------|----------|----------------------------------------------|-------------|
|                                                           |                                                                              | CONFORM  | CONFORM WITH MODIFICATION                    | NOT CONFORM |
| <b><i>WRERA Title I, Subtitle B, Other Provisions</i></b> |                                                                              |          |                                              |             |
| 124                                                       | Treatment of Certain Reimbursements from Governmental Plans for Medical Care | ✓        |                                              |             |
| 127                                                       | Modification of Penalty for Failure to File Partnership Returns              |          | ✓ Modified to be 20% of the federal penalty. |             |
| 128                                                       | Modification of Penalty for Failure to File S Corporation Returns            |          | ✓ Modified to be 20% of the federal penalty. |             |

<sup>10</sup> This was Table 6 in the prior version of the revenue tables, distributed at the April 3, 2009 interested-parties meeting.