



## Bill Analysis

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Bill Number: SB 711

## SUBJECT

Conformity Act of 2025

## SUMMARY

This bill would, under the Personal Income Tax Law (PITL), Administration of Franchise and Income Tax Law (AFITL), and the Corporate Tax Law (CTL) do the following:

### *Provision No. 1 - Conform to the IRC*

Sections 1-57 and 59-119 of the bill would change the Revenue & Taxation Code's (RTC's) general "specified date" of conformity to the Internal Revenue Code (IRC) from January 1, 2015, to January 1, 2025, for taxable years beginning on or after January 1, 2025, and generally conform to the numerous changes to federal income tax laws during the ten-year period, except as otherwise provided. Additionally, this provision would conform to the changes made by Section 208 of Public Law 113-295, to IRC sections 6721 and 6722 made prior to January 1, 2015. (See Section 71 of the bill).

### *Provision No.2 - Modify Conformity to the Limitation on Like-Kind Exchanges to Real Property*

Section 58 of the bill would add a sunset date for California's modified conformity on like-kind exchanges, relating to the adjusted gross income (AGI) limitation for specified filing statuses.

## REASON FOR THE BILL

The reason for the bill is to simplify the preparation of California income tax returns, the return-filing process, and the administration of California income tax laws.

### *Effective/Operative Date*

As an urgency measure, this bill would be effective immediately upon enactment and would generally be operative for taxable years beginning on or after January 1, 2025, except as otherwise provided.

**ANALYSIS*****Analysis Provision No. 1***

*Conform to the IRC (Sections 1-57 and 59-119 of the Bill)*

*In General*

This provision would change the RTC's general "specified date" of conformity to the IRC from January 1, 2015, to January 1, 2025, for taxable years beginning on or after January 1, 2025. Changing the specified date would mean that the RTC would conform to IRC changes made from January 1, 2015, through December 31, 2024, to IRC sections that have been previously incorporated by reference. In other words, California tax laws would conform to the changes made to federal tax laws during that ten-year period to the extent California conforms to those laws by reference, except as otherwise provided.

This provision would also make numerous changes either to specifically not conform to or to modify certain provisions in the IRC. In addition, technical changes regarding cross references and deletion of unnecessary language that was used to conform to federal law changes after January 1, 2015, and prior to January 1, 2025, would also be made by this provision.

The following tables list:

- The federal act sections and section titles that impact provisions of the PITL, the AFITL, and the CTL;
- The beginning page number or webpage link in the FTB's annual report where that provision is discussed, the SB 711 section number; and
- The change under this provision -- whether SB 711 would conform, modify, or not conform to that federal change.

These tables contain only items for which a conformity decision is necessary. For certain federal provisions, California law automatically conforms to a federal law change and those provisions are not listed or discussed in this analysis. Additionally, those federal provisions that are not applicable to the PITL, the AFITL, or the CTL are not listed or discussed in this analysis.

2015

<b>Surface Transportation and Veterans Health Care Choice Improvement Act of 2015</b>
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(Public Law 114-41)
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Act Section #	Section Title	2015 FTB's SOFITC Report Page # or Website Link	SB 711 Section #	Decision		
				Conform	Modify	Not Conform
2006(a)(2)(A)	Tax Return Due Dates	31	95	X		

<b>Protecting Americans from Tax Hikes Act of 2015 (PATH Act)</b>
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(Public Law 114-113)
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Act Section #	Section Title	2015 FTB's SOFITC Report Page # or Website Link	SB 711 Section #	Decision		
				Conform	Modify	Not Conform
111(a)(1)	Extension and Modification of Special Rule for Contributions of Capital Gain Real Property Made for Conservation Purposes	107	37, 96			X

124	Extension and Modification of Increased Expensing Limitations and Treatment of Certain Real Property as Section 179 Property	137	39, 94			X
126(a)	Extension of Exclusion of 100 Percent of Gain on Certain Small Business Stock	142	117			X
127(a)	Extension of Reduction in S-Corporation Recognition Period for Built-In Gains Tax	145	87		X	
143(a)(2), (b)(6)(I)	Extension and Modification of Bonus Depreciation	168	55, 114			X
151(b)	Extension and Modification of Exclusion from Gross Income of Discharge of Qualified Principal Indebtedness	178	21			X

189	Extension of Special Allowance for Second Generation Biofuel Plant Property	230	36			X
311	Restriction on Tax-Free Spinoffs Involving REITS	299	106	X		
331	Deductibility of Charitable Contributions to Agricultural Research Organizations	333	37			X
343	Exclusion from Gross Income of Certain Clean Coal Power Grants to Non-Corporate Taxpayers	360	25			X

2016

21 <sup>st</sup> Century Cures Act						
(Public Law 114-255)						
Act Section #	Section Title	2016 FTB's SOFITC Report Page # or Website Link	SB 711 Section #	Decision		
				Conform	Modify	Not Conform
18001(a)(2)	Exception from Group Health Plan Requirements for Qualified Small Employer Health Reimbursement Arrangements	12	16			X

2017

**An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent  
Resolution on the Budget for Fiscal Year 2018**

**(TAX CUTS AND JOBS ACT (TCJA))**

(Public Law 115-97)

Act Section #	Section Title	2017 FTB's SOFITC Report Page # or Website Link	SB 711 Section #	Decision		
				Conform	Modify	Not Conform
11002(d)(1) (PP) (QQ)	Inflation Adjustments Based on Chained CPI	22	71	X		
11011	Deduction for Qualified Business Income of Pass-Thru Entities	23	29			X
11023(a)	Increased Limitation for Certain Charitable Contributions	41	37			X
11027	Temporary Reduction in Medical Expense Deduction Floor	62	35			X
11028	Relief for 2016 Disaster Areas	63	30			X

11042(a)	Limitation on Deduction for State and Local, Etc., Taxes	77	33			X
11043	Limitation on Deduction for Qualified Residence Interest	79	34			X
11044(a)	Modification of Deduction for Personal Casualty Losses	81	30			X
11045	Suspension of Miscellaneous Itemized Deductions	82	11			X
11047(a)	Suspension of Exclusion for Qualified Bicycle Commuting Reimbursement	86	22			X
11048(a)	Suspension of Exclusion for Qualified Moving Expense Reimbursement	88	23			X
11049	Suspension of Deduction for Moving Expenses	89	27			X



11050	Limitation on Wagering Losses	90	31			X
11051(a), (b)(1)(B) and (C)	Repeal of Deduction for Alimony Payments	92	15, 28, 45, 57	X		
12002(a)	Credit for Prior Year Minimum Tax Liability of Corporations	110	10, 77			X
13001(b)(2)(A), (N)	21-Percent Corporate Tax Rate	116	87, 118			X
13101	Modifications of Rules for Expensing Depreciable Business Assets	121	39, 94			X
13202(a)	Modifications to Depreciation Limitations on Luxury Automobiles and Personal Use Property	141	27, 92			X
13204	Applicable Recovery Period for Real Property	147	36			X

13205	Use of Alternative Depreciation System for Electing Farming Businesses	153	36			X
13206(a)	Amortization of Research and Experimental Expenditures	156	97			X
13206(d)(2)	Amortization of Research and Experimental Expenditures (Related to Certain expenses for which credits are allowable)	156	40, 102			X
13221	Certain Special Rules for Taxable Year of Inclusion	162	52, 110		X	
13301(a)	Limitation on Deduction for Interest	167	89			X
13301(b)(1)	Limitation on Deduction for Interest	167	47, 108			X
13301(b)(3)	Limitation on Deduction for Interest	167	48, 105			X

13302(a)(1)	Modification of Net Operating Loss Deduction	173	43, 98			X
13304	Limitation on Deduction by Employers of Expenses for Fringe Benefits	178	27, 101			X
13309(a)(2)	Partnership Interests Held in Connection with Performance of Investment Services	190	61			X
13314(a)-(b)	Certain Self-Created Property Not Treated as a Capital Asset	203	62, 119			X
13402(b)(1)(B)	Rehabilitation Credit Limited to Certified Historic Structures	206	4, 84			X
13501	Treatment of Gain or Loss of Foreign Persons from Sale or Exchange of Interests in Partnerships Engaged In Trade or Business within the United States	213	66		X	

13512(b)(1)	Repeal of Small Life Insurance Company Deduction	224	56, 113			X
13543(a)-(b)	Modification of Treatment of S Corporation Conversions to C Corporations	258	13, 86, 115			X
13823(b)	Opportunity Zones	347	59			X
14102(e)	Special Rules Relating to Sales or Transfers Involving Specified 10-Percent Owned Foreign Corporations	377	46, 103			X
14222	Certain Related Party Amounts Paid or Accrued in Hybrid Transactions or With Hybrid Entities	413	100	X		
14401(b)(2)	Base Erosion and Anti-Abuse Tax	433	68			X

2018

**BIPARTISAN BUDGET ACT OF 2018**

(Public Law 115-123)

Act Section #	Section Title	2018 FTB's SOFITC Report Page # or Website Link	SB 711 Section #	Decision		
				Conform	Modify	Not Conform
40201(a)	Extension and Modification of Exclusion from Gross Income of Discharge of Qualified Principal Indebtedness	28	21			X

**Consolidated Appropriations Act, 2018**

(Public Law 115-141)

Act Section #	Section Title	2018 FTB's SOFITC Report Page # or Website Link	SB 711 Section #	Decision		
				Conform	Modify	Not Conform
Div. U, Title I 101(c)	Research Credit	162	3, 83		X	

Div. U, Title III 301(a)(2)	Amendments Relating to the Bipartisan Budget Act of 2015	299	63	X		
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2019

Taxpayer First Act (Public Law 116-25)						
Act Section #	Section Title	2019-Part I FTB's SOFITC Report Page # or Website Link	SB 711 Section #	Decision		
				Conform	Modify	Not Conform
2301	Electronic Filing of Returns	60	63	X		

<b>Further Consolidations Appropriations Act, 2020</b>
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(Public Law 116-94)
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Act Section #	Section Title	2019-Part II FTB's SOFITC Report Page # or Website Link	SB 711 Section #	Decision		
				Conform	Modify	Not Conform
Division Q Title I Subtitle A  101(a)	Exclusion from Gross Income of Discharge of Qualified Principal Residence Indebtedness	134	21			X
Division Q Title I Subtitle A  103(a)	Reduction in Medical Expense Deduction Floor	141	35			X

2020

<b>Coronavirus Aid, Relief, and Economic Security Act (CARES Act)</b>
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(Public Law 116-136)
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Act Section #	Section Title	20202 FTB's SOFITC Report Page # or Website Link	SB 711 Section #	Decision		
				Conform	Modify	Not Conform
2303(a)(1), (a)(2)(A), (C), (b)(1), (c)(2)	Modifications for Net Operating Losses	<a href="#">SOFITC Analysis of 116-136 §2303</a>	14, 43, 98, 116			X
2304(a), (b)	Modification of Limitation on Losses for Taxpayers Other than Corporations	<a href="#">SOFITC Analysis of 116-136 §2304</a>	54			X
2306(a)	Modification of Limitation on Business Interest	<a href="#">SOFITC Analysis of 116-136 §2306</a>	89			X
4003(h)(2)	Emergency Relief and Taxpayer Protections	<a href="#">SOFITC Analysis of 116-136 §4003</a>	48, 105	X		



<b>Consolidated Appropriations Act, 2021 (CAA 2021)</b>
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(Public Law 116-260)
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Act Section #	Section Title	2020 FTB's SOFITC Report Page # or Website Link	SB 711 Section #	Decision		
				Conform	Modify	Not Conform
101	Reduction in Medical Expense Deduction Floor	<a href="#">SOFITC Analysis of 116-260 §101</a>	35	X		
104(b)(1)	Transition from Deduction for Qualified Tuition and Related Expenses to Increased Income Limitation on Lifetime Learning Credit	<a href="#">SOFITC Analysis of 116-260 §104</a>	32	X		
114	Exclusion from Gross Income of Discharge of Qualified Principal Residence Indebtedness	<a href="#">SOFITC Analysis of 116-260 §114</a>	21			X

212	Certain Charitable Contributions Deductible by Non-Itemizers	<a href="#">SOFITC Analysis of 116-260 §212</a>	38			X
213	Modification of Limitations on Charitable Contributions	<a href="#">SOFITC Analysis of 116-260 §213</a>	38			X
Division N – Additional Coronavirus Response and Relief  Subtitle B – COVID-related Tax Relief Act of 2020  Title II – Assistance to Individuals, Families, and Businesses  281	Election to Waive Application of Certain Modifications to Farming Losses	<a href="#">SOFITC Analysis of 116-260 §281</a>	44, 99			X

<p>Division N – Additional Coronavirus Response and Relief</p> <p>Subtitle B – COVID- related Tax Relief Act of 2020</p> <p>Title III - Continuing the Paycheck Protection Program and Other Small Business Support</p> <p>304(a)</p>	<p>Additional Eligible Expenses</p>	<p><a href="#">SOFITC Analysis of 116-260 §304</a></p>	<p>17, 88</p>	<p>X</p>		
<p>Division EE – Taxpayer Certainty and Disaster Tax Relief Act of 2020</p> <p>Subtitle C – Extension of Certain Other Provisions</p> <p>Title III— Disaster Tax Relief</p> <p>302</p>	<p>Special Disaster- Related Rules for Use of Retirement Funds</p>	<p><a href="#">SOFITC Analysis of 116-260 §302</a></p>	<p>12</p>	<p>X</p>		

Division EE – Taxpayer Certainty and Disaster Tax Relief Act of 2020						
Subtitle C – Extension of Certain Other Provisions	Other Disaster- Related Tax Relief Provisions	<a href="#">SOFITC Analysis of 116-260 §304</a>	30			X
Title III— Disaster Tax Relief						
304						

## 2021

American Rescue Plan Act of 2021 (ARPA)						
(Public Law 117-2)						
Act Section #	Section Title	2021 FTB's SOFITC Report Page # or Website Link	SB 711 Section #	Decision		
				Conform	Modify	Not Conform
9041(a)	Extension of Limitation on Excess Business Losses of Noncorporate Taxpayers	<a href="#">SOFITC Analysis of 117-2 §9041</a>	54			X

9631(a)	Refundability and Enhancement of Child and Dependent Care Tax Credit	<a href="#">SOFITC Analysis of 117-2 §9631</a>	2			X
9708	Expansion of Limitation on Excessive Employee Remuneration	<a href="#">SOFITC Analysis of 117-2 §9708</a>	41			X

## 2022

## Inflation Reduction Act of 2022

(Public Law 117-169)

Act Section #	Section Title	2022 FTB's SOFITC Report Page # or Website Link	Bill Provision #	Decision		
				Conform	Modify	Not Conform
10101(a)(4)(B)(ii), (f)	Corporate Alternative Minimum Tax	<a href="#">SOFITC Analysis of 117-169 §10101</a>	9, 14, 82, 116			X
10201	Excise Tax on Repurchase of Corporate Stock	<a href="#">SOFITC Analysis of 117-169 §10201</a>	90	X		

11003(b)	Excise Tax Imposed on Drug Manufacturers During Noncompliance Periods	N/A	91	X		
13303(b)	Energy Efficient Commercial Buildings Deduction	<a href="#">SOFITC Analysis of 117-169 §13303</a>	49, 104			X
13703	Cost Recovery for Qualified Facilities, Qualified Property, and Energy Storage Technology	<a href="#">SOFITC Analysis of 117-169 §13703</a>	36			X
13903	Reinstatement of Limitation Rules for Deduction for State and Local, etc. Taxes	<a href="#">SOFITC Analysis of 117-169 §13903</a>	33			X
13903	Extension of Limitation on Excess Business Losses of Noncorporate Taxpayers	<a href="#">SOFITC Analysis of 117-169 §13903</a>	54			X
13904	Extension of Limitation on Deduction for State and Local, Etc., Taxes	<a href="#">SOFITC Analysis of 117-169 §13904</a>	33			X

### Consolidated Appropriations Act, 2023

(Public Law 117-328)

Act Section #	Section Title	2022 FTB's SOFITC Report Page # or Website Link	SB 711 Section #	Decision		
				Conform	Modify	Not Conform
108	Indexing IRA Catch-Up Limit	<a href="#">SOFITC Analysis of 117-328 §108</a>	51	X		
109 (a)-(c)	Higher Catch-Up Limit to Apply at Age 60, 61, 62, and 63	<a href="#">SOFITC Analysis of 117-328 §109</a>	51	X		
114(a)- (b)	Deferral of Tax for Certain Sales of Employer Stock to Employee Stock Ownership Plan Sponsored by S Corporation	<a href="#">SOFITC Analysis of 117-328 §114</a>	60	X		
117	Contribution Limit for SIMPLE Plans	<a href="#">SOFITC Analysis of 117-328 §117</a>	51	X		

126(a)	Special Rules for Certain Distributions from Long-Term Qualified Tuition Programs to Roth IRAs	<a href="#">SOFITC Analysis of 117-328 §126(a)</a>	19, 20, 85			X
126 (b)	Special Rules for Certain Distributions from Long-Term Qualified Tuition Programs to Roth IRAs	<a href="#">SOFITC Analysis of 117-328 §126(b)</a>	50			X
309(a)	Exclusion of Certain Disability-Related First Responder Retirement Payments	<a href="#">SOFITC Analysis of 117-328 §309</a>	24	X		



2024

**VSO Equal Tax Treatment (VETT) Act**

(Public Law 118-146)

Act Section #	Section Title	2024 FTB's SOFITC Report Page # or Website Link	SB 711 Section #	Decision		
				Conform	Modify	Not Conform
2	Deductibility of Charitable Contributions to Certain Organizations for Members of The Armed Forces	<a href="#">SOFITC Analysis of 118-146 §2</a>	N/A		X	

**Federal Disaster Tax Relief Act of 2023 (FDTRA)**

(Public Law 118-148)

Act Section #	Section Title	2024 FTB's SOFITC Report Page # or Website Link	SB 711 Section #	Decision		
				Conform	Modify	Not Conform
2	Extension of Rules for Treatment of Certain Disaster-Related Personal Casualty Losses	<a href="#">SOFITC Analysis of 118-148 §2</a>	30			X

3	Exclusion From Gross Income for Compensation for Losses or Damages Resulting from Certain Wildfires	<a href="#">SOFITC Analysis of 118-148 §3</a>	26			X
4	East Palestine Disaster Relief Payments	<a href="#">SOFITC Analysis of 118-148 §4</a>	18			X

### *Federal/State Law*

For federal and state law explanations, see the FTB's Summary of Federal Income Tax Changes reports for 2015 to 2024. (Note there is no Summary of Federal Income Tax Changes report for 2023 because there were no changes to the IRC impacting RTC that year.)

### *Implementation Considerations*

None noted.

### *Technical Considerations*

None noted.

### *Policy Considerations*

None noted.

## **LEGISLATIVE HISTORY**

AB 154 (Ting, Chapter 359, Statutes of 2015) changed California's specified date of conformity to federal income tax law from January 1, 2009, to January 1, 2015, for taxable years beginning on and after January 1, 2015.

SB 410 (Wolk, Chapter 14, Statutes of 2010) changed California's specified date of conformity to federal income tax law from January 1, 2005, to January 1, 2009, for taxable years beginning on and after January 1, 2010.

AB 115 (Klehs, Chapter 691, Statutes of 2005) changed California's specified date of conformity to federal income tax law from January 1, 2001, to January 1, 2005, for taxable years beginning on and after January 1, 2005.

**PROGRAM BACKGROUND**

None noted.

**OTHER STATES' INFORMATION**

None noted.

**FISCAL IMPACT**

FTB anticipates minimal costs to implement this bill.

**ECONOMIC IMPACT***Revenue Estimate*

Based on data and assumptions discussed below, the revenue impact from this provision would be as shown in the following tables. Each year has its own subtotal, and total summaries of all years are provided at the end. Due to the number of years between specified date conformity, the revenue tables contain federal provisions where California law conforms to a federal law change based on the specified date and will continue to conform as of the new specified date. Many of the federal provisions below are not reflected in the decision table above. This estimate does not consider the possible changes in employment, personal income, or gross state product that could result from this provision.

Revenue Table for Conformity to 2015 Federal Provisions				
Act Section	Provision	2025-26	2026-27	2027-28
Don't Tax Our Fallen Public Safety Heroes Act (HMHA) (Public Law 114-14)				
2	Exclusion of Certain Compensation Received by Public Safety Officers and Their Dependents	\a	\a	\a

<b>Trade Preferences Extension Act (TPEA) (Public Law 114-27)</b>				
806	Penalty for Failure to File Correct Information Returns and Provide Payee Statements - Regarding 1. Failure to file correct information returns. 2. Failure to furnish correct payee statements	\a	\a	\a
<b>Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (STVHCCIA) (Public Law 114-41)</b>				
2006	Tax Return Due Dates	\a	\a	\a

<b>Bipartisan Budget Act of 2015 (BBA) (Public Law 114-74)</b>				
1102	Partnership Interests Created by Gift	\$7,000,000	\$4,300,000	\$4,300,000
<b>Consolidated Appropriations Act, 2016 (CAA) (Public Law 114-113)</b>				
114	Extension of Modification of Tax Treatment of Certain Payments to Controlling Exempt Organizations	-\$600,000	-\$400,000	-\$350,000
115	Extension of Basis Adjustment to Stock of S Corporations Making Charitable Contributions of Property	-\$12,000,000	-\$8,200,000	-\$8,900,000

202	Safe Harbor for De Minimis Error on Information Returns and Payee Statements – Regarding 1. Failure to file correct information returns. 2. Failure to furnish correct payee statements	\a	\a	\a
301	Exclusion for Amounts Received Under the Work Colleges Program	\a	\a	\a
305	Clarification of Special Rule for Certain Government Plans	\a	\a	\a
309	Prevention of Extension of Tax Collection Period for Members of the Armed Forces Who Are Hospitalized as a Result of Combat Zone Injuries	\a	\a	\a
311	Restriction on Tax-Free Spinoffs Involving REITS	\$21,000,000	\$20,000,000	\$20,000,000
320	Modification of REIT Earnings and Profits Calculation to Avoid Duplicate Taxation	\a	\a	\a
344	Clarification of Valuation Rule for Early Termination of Certain Charitable Remainder Unitrusts	\$550,000	\$350,000	\$350,000
345	Prevention of Transfer of Certain Losses from Tax Indifferent Parties	\$11,000,000	\$7,900,000	\$7,800,000

314 - 315	Repeal of Preferential Dividend Rule for Publicly Offered REITS and Authority for Alternative Remedies to Address Certain REIT Distribution Failures	\a	\a	\a
<b>Total</b>		<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
		<b>\$26,950,000</b>	<b>\$23,950,000</b>	<b>\$23,200,000</b>

Revenue Table for Conformity to 2016 Federal Provisions				
Act Section	Section Title	2025-26	2026-27	2027-28
<b>The US Appreciation for Olympians and Paralympians Act (USAOP)</b> <b>(Public Law 114-239)</b>				
2	Olympic and Paralympic Medals and United States Olympic Committee (USOC) Prize	\a	\a	\a
<b>Total</b>		<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
		<b>\a</b>	<b>\a</b>	<b>\a</b>

Revised Revenue Table for Conformity to 2017 Federal Provisions				
Act Section	Section Title	2025-26	2026-27	2027-28
<b>Tax Cuts and Jobs Act (TCJA)</b> <b>(Public Law 115-97)</b>				
11051	Alimony	\$4,200,000	\$9,500,000	\$14,000,000

13207	Expensing of Certain Costs of Replanting Citrus Plants Lost by Reason of Casualty	-\$350,000	-\$200,000	-\$90,000
13221	Taxable Inclusion All Events Test	\$110,000,000	\$75,000,000	\$50,000,000
13306	Deduction for Fines and Penalties	\$800,000	\$600,000	\$600,000
13307	Denial of Deduction for Settlements Subject to Nondisclosure Agreements Paid in Connection with Sexual Harassment or Sexual Abuse	\$60,000	\$50,000	\$40,000
13308	Deduction for Local Lobbying expenses	\$5,900,000	\$4,000,000	\$4,100,000
13310	Prohibition on Cash, Gift Cards, and Other Non-tangible Personal Property as Employee Achievement Awards	\$200,000	\$100,000	\$100,000
13311	Elimination of Deduction for Living Expenses Incurred by Members of Congress	\$40,000	\$20,000	\$20,000
13312	Contributions to capital	\$38,000,000	\$21,000,000	\$18,000,000
13502	Partnership Interest Built-in Loss	\$6,900,000	\$4,100,000	\$4,100,000
13503	Partner's Distributive Share	\$13,800,000	\$8,200,000	\$8,200,000
13521	Clarification of Tax Basis of Life Insurance Contracts	\$2,700,000	\$1,700,000	\$1,800,000

13522	Exception to Transfer for Valuable Consideration Rules	Combined with Section 13521	Combined with Section 13521	Combined with Section 13521
13541	Expansion of Qualifying Beneficiaries of an Electing Small Business Trust	-\$3,200,000	-\$2,300,000	-\$2,600,000
13542	Charitable Contribution Deduction for Electing Small Business Trusts	Combined with Section 13541	Combined with Section 13541	Combined with Section 13541
13603	Equity Grants	-\$3,200,000	-\$2,100,000	-\$2,200,000
13702	UBTI	\$23,000,000	\$19,000,000	\$18,000,000
13704	Repeal of Deduction for Amounts Paid in Exchange for College Athletic Event Seating Rights	\$4,800,000	\$3,000,000	\$3,100,000
13705	Repeal of Substantiation Exception in Case of Contributions Reported by Donee	\a	\a	\a
13801	Production Period for Beer, Wine, and Distilled Spirits	Combine with PL 116-260, Sec. 106	Combine with PL 116-260, Sec. 106	Combine with PL 116-260, Sec. 106
14221	Limitations on Income Shifting Through Intangible Property Transfers - 1. Foreign corporations. 2. Allocation of income and deductions among taxpayers	\$9,600,000	\$8,000,000	\$7,600,000
14222	Certain Related Party Amounts Paid or Accrued in Hybrid Transactions or With Hybrid Entities	\$65,000,000	\$55,000,000	\$50,000,000



14303	Source of Income from Sales of Inventory Determined Solely on Basis of Production Activities	\$900,000	\$600,000	\$600,000
<b>Total</b>		<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
		<b>\$279,150,000</b>	<b>\$205,270,000</b>	<b>\$175,370,000</b>

Revenue Table for Conformity to 2018 Federal Provisions				
Act Section	Section Title	2025-26	2026-27	2027-28
<b>Consolidated Appropriations Act, 2018 (CAA)</b> <b>(Public Law 115-141)</b>				
Division U - Tax Technical Corrections  Title I – Tax Technical Corrections  Sec. 101 Amendments Relating to the PATH Act	(b) Transit Parity	\a	\a	\a
Division U - Tax Technical Corrections  Title I – Tax Technical Corrections  Sec. 101 Amendments Relating to the PATH Act	(c) Research Credit: Repeal of Alternative Incremental Credit	-\$7,400,000	-\$8,500,000	-\$11,000,000

Division U - Tax Technical Corrections  Title I – Tax Technical Corrections  Sec. 101 Amendments Relating to the PATH Act	(f) Failure to Furnish Correct Payee Statements - Regarding 1. Failure to file correct information returns. 2. Failure to furnish correct payee statements	\a	\a	\a
<b>Total</b>		<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
		-\$7,400,000	-\$8,500,000	-\$11,000,000

<b>Revenue Table for Conformity to 2019 Federal Provisions</b>				
<b>Act Section</b>	<b>Section Title</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
<b>Taxpayer First Act (TFA) (Public Law 116-25)</b>				
1202	Exclusion of Interest Received in Action to Recover Property Seized by the IRS Based on Structuring Transaction	\a	\a	\a
<b>National Defense Authorization Act for Fiscal Year 2020 (Public Law 116-92)</b>				
1122	Prohibition on Criminal History Inquiries Prior to Conditional Offer for Federal Employment	\a	\a	\a

Further Consolidated Appropriations Act, 2020 (FCAA) (Public Law 116-94)				
Div. J Sec. 901	Special Rules for Certain Monthly Workers' Compensation Payments and Other Payments for Department of State Personnel Under Chief of Mission Authority	\a	\a	\a
Div. O Sec 107	Repeal of Maximum Age for Traditional IRA Contributions - Regarding Retirement Savings	-\$1,200,000	-\$800,000	-\$800,000
Div. Q Sec 144	Certain Provisions Related To Beer, Wine, and Distilled Spirits - Regarding Capitalization and Inclusion in Inventory Costs of Certain Expenses	Combine with PL 116-260, Sec. 106	Combine with PL 116-260, Sec. 106	Combine with PL 116-260, Sec. 106
Total		2025-26	2026-27	2027-28
		-\$1,200,000	-\$800,000	-\$800,000

Revenue Table for Conformity to 2020 Federal Provisions				
Act Section	Provision	2025-26	2026-27	2027-28
Coronavirus Aid, Relief, and Economic Security Act (CARES) (Public Law 116-136)				
Div. A Sec. 3702	Inclusion of Certain Over-The-Counter Medical Products as Qualified Medical Expenses - Regarding 1. Contributions by employer to accident and health plans. 2. Archer MSAs	-\$40,000,000	-\$26,000,000	-\$27,000,000

Consolidated Appropriations Act, 2021(CAA) (Public Law 116-260)				
103	Benefits Provided to Volunteer Firefighters and Emergency Medical Responders	-\$5,300,000	-\$3,200,000	-\$3,300,000
106	Certain Provisions Related to Beer, Wine, and Distilled Spirits - Regarding Capitalization and Inclusion in Inventory Costs of Certain Expenses	-\$800,000	-\$600,000	-\$600,000
Total		2025-26	2026-27	2027-28
		-\$46,100,000	-\$29,800,000	-\$30,900,000

Revenue Table for Conformity to 2021 Federal Provisions				
Act Section	Provision	2025-26	2026-27	2027-28
Infrastructure Investment and Jobs Act (IIJA) (Public Law 117-58)				
80501	Modification of Automatic Extension of Certain Deadlines in the Case of Taxpayers Affected by Federally Declared Disasters	\a	\a	\a
80504	Authority to Postpone Certain Tax Deadlines by Reason of Significant Fires	\a	\a	\a
Total		2025-26	2026-27	2027-28
		\a	\a	\a

Revenue Table for Conformity to 2022 Federal Provisions				
Act Section	Section Title	2025-26	2026-27	2027-28
<b>Consolidated Appropriations Act, Division T - SECURE 2.0 Act of 2022 (SECURE 2.0) (Public Law 117-328)</b>				
108	Indexing IRA Catch-Up Limit	-\$1,300,000	-\$1,300,000	-\$1,500,000
109	Higher Catch-Up Limit to Apply at Age 60, 61, 62, and 63	-\$2,400,000	-\$3,600,000	-\$6,100,000
114	Deferral of Tax for Certain Sales of Employer Stock to Employee Stock Ownership Plan Sponsored by S Corporation	\$0	\$0	-\$5,900,000
117	Contribution Limit for Simple Plans	-\$5,900,000	-\$3,900,000	-\$4,000,000
309	Exclusion of Certain Disability-Related First Responder Retirement Payments	\$0	-\$12,000,000	-\$21,000,000
331	Special Rules for Use of Retirement Funds in Connection with Qualified Federally Declared Disasters - Regarding Annuities; Certain Proceeds of Endowment and Life Insurance Contracts	\a	\a	\a
<b>Total</b>		<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
		<b>-\$9,600,000</b>	<b>-\$20,800,000</b>	<b>-\$38,500,000</b>

Revenue Table for Conformity to 2024 Federal Provisions				
Act Section	Section Title	2025-26	2026-27	2027-28
VSO Equal Tax Treatment (VETT) Act 2024 (Public Law 118-146)				
2	Deductibility of Charitable Contributions to Certain Organizations for Members of the Armed Forces	\a	\a	\a
Total		2025-26	2026-27	2027-28
		\a	\a	\a

*Summary Revenue Table*

<b>Fiscal Year</b>	<b>2025-2026</b>	<b>2026-2027</b>	<b>2027-2028</b>
<b>2015 Total</b>	\$26,950,000	\$23,950,000	\$23,200,000
<b>2016 Total</b>	\a	\a	\a
<b>2017 Total</b>	\$279,150,000	\$205,270,000	\$175,370,000
<b>2018 Total</b>	-\$7,400,000	-\$8,500,000	-\$11,000,000
<b>2019 Total</b>	-\$1,200,000	-\$800,000	-\$800,000
<b>2020 Total</b>	-\$46,100,000	-\$29,800,000	-\$30,900,000
<b>2021 Total</b>	\a	\a	\a
<b>2022 Total</b>	-\$9,600,000	-\$20,800,000	-\$38,500,000
<b>2023 Total</b>	N/A	N/A	N/A
<b>2024 Total</b>	\a	\a	\a
<b>Grand Total</b>	<b>\$241,800,000</b>	<b>\$169,320,000</b>	<b>\$117,370,000</b>

\a - The impact of the individual provisions on the General Fund would be a revenue gain or loss of less than \$100,000.

In 2023, there were no changes to the IRC that would have impacted the RTC and therefore, there was no revenue impact.

**LEGAL IMPACT**

None noted.

**EQUITY IMPACT**

None noted.

***Analysis Provision No. 2:****Modify Conformity to the Limitation on Like-Kind Exchanges to Real Property  
(Section 58 of the Bill)*

This provision would add a sunset date to the qualifications for the application of TCJA's modifications with respect to like-kind exchanges for:

1. A taxpayer who is a head of household, a surviving spouse, or spouses filing a joint return with AGI, as defined in Section 17072, of \$500,000 or more for the taxable year in which the exchange begins; or
2. For any other taxpayer with AGI, as defined in Section 17072, of \$250,000 or more for the taxable year in which the exchange begins.

*Federal/State Law**Federal Law*

Generally effective for like-kind exchanges after December 31, 2017, property eligible for like-kind exchanges are limited to real property that is not held primarily for sale. However, under a transition rule, the prior law like-kind exchange rules applied to exchanges of personal property if the taxpayer has either disposed of the relinquished property or acquired the replacement property on or before December 31, 2017.

*State Law*

California conforms to the federal law changes applicable to like-kind exchanges after December 31, 2017, for exchanges completed after January 10, 2019.

Under California law, with respect to individuals, this provision only applies to:

1. A taxpayer who is a head of household, a surviving spouse, or spouses filing a joint return with AGI, as defined in Section 17072, of \$500,000 or more for the taxable year in which the exchange begins; or
2. For any other taxpayer with AGI, as defined in Section 17072, of \$250,000 or more for the taxable year in which the exchange begins.

If a taxpayer does not meet one of the qualifications described above, the pre-TCJA IRC section 1031 like-kind exchange rules, unless otherwise modified by the RTC, would continue to apply.

*Implementation Considerations*

None noted.



*Technical Considerations*

None noted.

*Policy Considerations*

None noted.

**LEGISLATIVE HISTORY**

AB 91 (Burke, et. al, Chapter 39, Statutes of 2019) conformed to several provisions of the TCJA, including conforming with modifications to the limitation on like-kind exchanges to real property.

**PROGRAM BACKGROUND**

None noted.

**OTHER STATES' INFORMATION**

None noted.

**FISCAL IMPACT**

This provision would not significantly impact FTB's costs.

**ECONOMIC IMPACT***Revenue Estimate*

This provision would result in the following revenue gain:

Estimated Revenue Impact of SB 711 Provision No. 2 as Amended September 2, 2025  
Assumed Enactment after June 30, 2025

(\$ in Millions)

Fiscal Year	Revenue
2025-2026	+\$110
2026-2027	+\$65
2027-2028	+\$65

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

*Revenue Discussion*

This estimate is based upon a proration of the Joint Committee on Taxation's federal tax expenditure estimate for deferral of gain on like-kind exchanges. In taxable year 2025, the expected revenue gain from removing the AGI exceptions would be \$70 million.

The tax year estimates are converted to fiscal year estimates and then rounded to arrive at the amounts reflected in the above table.

**LEGAL IMPACT**

None noted.

**EQUITY IMPACT**

None noted.

**APPOINTMENTS (ALL PROVISIONS)**

None noted.

**SUPPORT/OPPOSITION (ALL PROVISIONS)**

Senate Floor analysis dated September 9, 2025.

*Support*

California Society of Certified Public Accountants  
California Society of Enrolled Agents  
California Taxpayers Association  
Silicon Valley Leadership Group  
Spidell Publishing, Inc.

*Opposition*

None on file.

**VOTES**

Location	Date	Yes Votes	No Votes
Concurrence	September 11, 2025	40	0
Assembly Floor	September 9, 2025	58	1
Senate Floor	May 28, 2025	38	0

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