

ASSEMBLY BILL

No. 135

**Introduced by Assembly Member Houston
(Coauthor: Assembly Member Galgiani)**

January 16, 2007

An act to add Sections 17276.9 and 24416.9 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 135, as introduced, Houston. Income and corporation taxes: net operating losses.

The Personal Income Tax Law and the Corporation Tax Law, in modified conformity to federal income tax laws, allow a deduction for specified percentages of net operating losses, and, in general, those losses are allowed as a carryover to specified numbers of years following the taxable year of the loss.

This bill, for taxable years beginning on and after January 1, 2007, would allow a net operating loss to be a carryover to each of the 20 years following the taxable year of the loss, as provided.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17276.9 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17276.9. Notwithstanding Sections 17276 to 17276.7, inclusive,
- 4 or any other law to the contrary, any net operating loss attributable

1 to any taxable year beginning on or after January 1, 2007, shall be
2 a net operating loss carryover to each of the 20 taxable years
3 following the taxable year of loss.

4 SEC. 2. Section 24416.9 is added to the Revenue and Taxation
5 Code, to read:

6 24416.9. Notwithstanding Sections 24416 to 24416.7, inclusive,
7 or any other law to the contrary, any net operating loss attributable
8 to any taxable year beginning on or after January 1, 2007, shall be
9 a net operating loss carryover to each of the 20 taxable years
10 following the taxable year of loss.

11 SEC. 3. This act provides for a tax levy within the meaning of
12 Article IV of the Constitution and shall go into immediate effect.