

AMENDED IN ASSEMBLY APRIL 14, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 876

Introduced by Assembly Member Harkey

February 26, 2009

~~An act to amend Section 18155 of the Revenue and Taxation Code, relating to taxation. An act to add Sections 18154 and 24996 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 876, as amended, Harkey. ~~Capital gains and losses. Income and corporation taxes: capital gains: exclusion.~~

The Personal Income Tax Law and the Corporation Tax Law provide that gain or loss upon the disposition of a capital asset is determined by reference to the adjusted basis of that asset.

This bill would, for taxable years beginning on or after January 1, 2009, provide that gross income does not include any gain from the sale or exchange of a capital asset, as defined, that is purchased during the 2009 calendar year, and is held for more than one year.

This bill would take effect immediately as a tax levy.

~~Existing income tax law, in modified conformity to federal income laws, provides for the specified treatment of capital gains and losses, but does not allow capital loss carrybacks.~~

~~This bill would make a technical, nonsubstantive change to those provisions.~~

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

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

1 *SECTION 1. Section 18154 is added to the Revenue and*
2 *Taxation Code, to read:*

3 *18154. For each taxable year beginning on or after January*
4 *1, 2009, gross income shall not include any gain from the sale or*
5 *exchange of a capital asset, as defined by Section 1221 of the*
6 *Internal Revenue Code, that is purchased during the 2009 calendar*
7 *year, and is held for more than one year.*

8 *SEC. 2. Section 24996 is added to the Revenue and Taxation*
9 *Code, to read:*

10 *24996. For each taxable year beginning on or after January*
11 *1, 2009, gross income shall not include any gain from the sale or*
12 *exchange of a capital asset, as defined by Section 1221 of the*
13 *Internal Revenue Code, that is purchased during the 2009 calendar*
14 *year, and is held for more than one year.*

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

17 ~~*SECTION 1. Section 18155 of the Revenue and Taxation Code*~~
18 ~~*is amended to read:*~~

19 ~~*18155. No deduction shall be allowed for any capital loss*~~
20 ~~*carrybacks provided by Section 1212 of the Internal Revenue Code.*~~