

AMENDED IN SENATE MAY 5, 2010

CALIFORNIA LEGISLATURE—2009–10 SIXTH EXTRAORDINARY SESSION

**SENATE BILL**

**No. 10**

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**Introduced by Senator Dutton  
(Coauthor: Senator Walters)**

February 24, 2010

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

LEGISLATIVE COUNSEL'S DIGEST

SB 10, as amended, Dutton. Income and corporation taxes: net 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, ~~2012~~ 2013, and before January 1, ~~2015~~ 2016, provide that gross income does not include 50% of any net capital gain, as defined, from the sale or exchange of a capital asset, as defined, that is held for more than 3 years, as specified.

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 18154 is added to the Revenue and
- 2 Taxation Code, to read:

1 18154. (a) For each taxable year beginning on or after January  
2 1, ~~2012, and before January 1, 2015~~ 2013, and before January 1,  
3 2016, gross income shall not include 50 percent of any net capital  
4 gain.

5 (b) For purposes of this section, “net capital gain” shall be  
6 defined by Section 1222 of the Internal Revenue Code, except that  
7 “net capital gain” shall be computed only for capital assets (as  
8 defined by Section 1221 of the Internal Revenue Code) purchased  
9 on or after the effective date of the act adding this section and that  
10 are held for more than three years.

11 (c) This section shall remain in effect only until December 1,  
12 ~~2015~~ 2016, and as of that date is repealed.

13 SEC. 2. Section 24996 is added to the Revenue and Taxation  
14 Code, to read:

15 24996. (a) For each taxable year beginning on or after January  
16 1, ~~2012, and before January 1, 2015~~ 2013, and before January 1,  
17 2016, gross income shall not include 50 percent of any net capital  
18 gain.

19 (b) For purposes of this section, “net capital gain” shall be  
20 defined by Section 1222 of the Internal Revenue Code, except that  
21 “net capital gain” shall be computed only for capital assets (as  
22 defined by Section 1221 of the Internal Revenue Code) purchased  
23 on or after the effective date of the act adding this section and that  
24 are held for more than three years.

25 (c) This section shall remain in effect only until December 1,  
26 ~~2015~~ 2016, and as of that date is repealed.

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

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