

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1818

Introduced by Assembly Member Members Perea and Beall

February 21, 2012

An act to amend Section 17020.3 of add Sections 17053.99 and 23699 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1818, as amended, Perea. ~~Personal income tax.~~ *Income taxes: credit: patent licensing.*

The Personal Income Tax Law conforms, with modification, to the federal definition of exchanged basis property and the Corporation Tax Law allow various credits against the taxes imposed by those laws.

This bill would make a technical, nonsubstantive change to that provision would, under the Personal Income Tax Law and the Corporation Tax Law, for taxable years beginning on or after January 1, 2012, allow a credit against those taxes in an amount equal to ____% of the qualified royalties, as defined, paid by a qualified taxpayer, as defined.

This bill would take effect immediately as a tax levy.

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 17053.99 is added to the Revenue and
- 2 Taxation Code, to read:

1 17053.99. (a) For each taxable year beginning on or after
2 January 1, 2012, there shall be allowed to a qualified taxpayer as
3 a credit against the “net tax,” as defined in Section 17039, an
4 amount equal to ____ percent of the qualified royalties paid by
5 the qualified taxpayer during the taxable year.

6 (b) For purposes of this section:

7 (1) “Qualified patent” means a patent owned by the University
8 of California for an invention where the research and development
9 for that invention was funded, in whole or in part, by amounts
10 eligible for the credit under Section 17052.12 or 23609.

11 (2) “Qualified royalties” means any royalties paid by a qualified
12 taxpayer for the use of a qualified patent through a license
13 agreement with the University of California or another entity.

14 (3) “Qualified taxpayer” means a taxpayer that paid qualified
15 royalties during the taxable year and commercializes, within the
16 state, the licensed patent for which qualified royalties were paid
17 during the taxable year.

18 (c) In the case where the credit allowed by this section exceeds
19 the “net tax,” the excess may be carried over to reduce the “net
20 tax” in the following year, and succeeding years if necessary, until
21 the credit is exhausted.

22 SEC. 2. Section 23699 is added to the Revenue and Taxation
23 Code, to read:

24 23699. (a) For each taxable year beginning on or after
25 January 1, 2012, there shall be allowed to a qualified taxpayer as
26 a credit against the “tax,” as defined in Section 23036, an amount
27 equal to ____ percent of the qualified amount paid by the qualified
28 taxpayer during the taxable year.

29 (b) For purposes of this section:

30 (1) “Qualified patent” means a patent owned by the University
31 of California for an invention where the research and development
32 for that invention was funded, in whole or in part, by amounts
33 eligible for the credit under Section 17052.12 or 23609.

34 (2) “Qualified royalties” means any royalties paid by a qualified
35 taxpayer for the use of a qualified patent through a license
36 agreement with the University of California or another entity.

37 (3) “Qualified taxpayer” means a taxpayer that paid qualified
38 royalties during the taxable year and commercializes, within the
39 state, the licensed patent for which qualified royalties were paid
40 during the taxable year.

1 (c) *In the case where the credit allowed by this section exceeds*
2 *the “tax,” the excess may be carried over to reduce the “tax” in*
3 *the following year, and succeeding years if necessary, until the*
4 *credit is exhausted.*

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

7 ~~SECTION 1. Section 17020.3 of the Revenue and Taxation~~
8 ~~Code is amended to read:~~

9 ~~17020.3. For purposes of this part, the term “exchanged basis~~
10 ~~property” has the same meaning given to that term by Section~~
11 ~~7701(a)(44) of the Internal Revenue Code, except that reference~~
12 ~~to Subtitle A shall instead be a reference to this part.~~