

AMENDED IN SENATE MAY 23, 2011

AMENDED IN SENATE APRIL 26, 2011

SENATE BILL

No. 358

Introduced by Senator Cannella
(Coauthors: Senators Fuller and Rubio)
(Coauthor: Assembly Member Olsen)

February 15, 2011

An act to add Sections 17158 ~~and 24316~~, 18036.1, 24316, and 24916.1 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 358, as amended, Cannella. Income tax: gross income: exclusion: *depreciation deduction*: air quality funds.

The Personal Income Tax Law and the Corporation Tax Law define gross income as all income from whatever source derived, unless specifically excluded.

This bill would exclude from gross income any amount provided to a person by the State Air Resources Board, an air pollution control district, or an air quality management district for the purpose of air pollution reduction.

The Personal Income Tax Law and the Corporation Tax Law, in modified conformity with federal income tax laws, determine the basis for property when determining a gain or loss on the sale or other disposition of that property or when determining a depreciation deduction relating to that property.

This bill would provide, under both laws, that for purposes of determining the gain or loss from the sale or other deposition of the property or when determining the depreciation deduction, the basis of

the property shall be reduced to the extent the property was acquired with a grant amount by the State Air Resources Board, an air pollution control district, or an air quality management district for the purpose of air pollution reduction.

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 17158 is added to the Revenue and
2 Taxation Code, to read:

3 17158. Gross income shall not include any amount provided
4 by the State Air Resources Board, an air pollution control district,
5 or an air quality management district to any person for the purpose
6 of air pollution reduction.

7 SEC. 2. Section 18036.1 is added to the Revenue and Taxation
8 Code, to read:

9 18036.1. Notwithstanding any other provision to the contrary,
10 for purposes of this part, the basis of property for determining
11 gain or loss on the sale or other disposition of property, or for
12 determining depreciation, shall be reduced to the extent the
13 property was acquired with a grant or other amount that was
14 provided to a person by the State Air Resources Board, an air
15 pollution control district, or an air quality management district
16 for the purpose of air pollution reduction.

17 ~~SEC. 2.~~

18 SEC. 3. Section 24316 is added to the Revenue and Taxation
19 Code, to read:

20 24316. Gross income shall not include any amount provided
21 by the State Air Resources Board, air pollution control districts,
22 and air quality management districts to any person for the purpose
23 of air pollution reduction.

24 SEC. 4. Section 24916.1 is added to the Revenue and Taxation
25 Code, to read:

26 24916.1. Notwithstanding any other provision to the contrary,
27 for purposes of this part, the basis of property for determining
28 gain or loss on the sale or other disposition of property, or for
29 determining depreciation, shall be reduced to the extent the
30 property was acquired with a grant or other amount that was

1 *provided to a person by the State Air Resources Board, an air*
2 *pollution control district, or an air quality management district*
3 *for the purpose of air pollution reduction.*

4 ~~SEC. 3.~~

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

O