

## Assembly Bill No. 877

### CHAPTER 792

An act to add Sections 17228 and 24343.8 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 29, 2014. Filed with  
Secretary of State September 29, 2014.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 877, Bocanegra. Income and Corporation taxes: denial of deduction: owner fine or penalty.

The Personal Income Tax Law and the Corporation Tax Law allow various deductions in computing the income that is subject to the taxes imposed by those laws. Both laws allow a deduction for ordinary and necessary business expenses, including a deduction for amounts paid or incurred for specified types of fines or penalties.

This bill, for taxable years beginning on or after January 1, 2014, would disallow, under both laws, a deduction for the amount of any fine or penalty paid or incurred by an owner of all or part of a professional sports franchise where that fine or penalty is assessed or imposed by the professional sports league that includes that franchise.

This bill would include a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.

This bill would take effect immediately as a tax levy.

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

SECTION 1. Section 17228 is added to the Revenue and Taxation Code, to read:

17228. For taxable years beginning on or after January 1, 2014, a deduction shall not be allowed for the amount of any fine or penalty paid or incurred by an owner of all or part of a professional sports franchise, where that fine or penalty is assessed or imposed by the professional sports league that includes that franchise.

SEC. 2. Section 24343.8 is added to the Revenue and Taxation Code, to read:

24343.8. For taxable years beginning on or after January 1, 2014, a deduction shall not be allowed for the amount of any fine or penalty paid or incurred by an owner of all or part of a professional sports franchise,

where that fine or penalty is assessed or imposed by the professional sports league that includes that franchise.

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