

AMENDED IN ASSEMBLY APRIL 2, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1651**

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**Introduced by Assembly Member Donnelly  
(Principal coauthor: Assembly Member Grove)**

February 11, 2014

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An act to add Sections 17239 and 24356.9 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1651, as amended, Donnelly. Income taxes: deductions: loss of fair market value.

The Personal Income Tax Law and the Corporation Tax Law authorize various deductions in computing income that is subject to tax under those laws.

This bill would allow as a deduction, under both of those laws for taxable years beginning on or after January 1, 2015, the amount of any loss of the fair market value of any tangible personal property *located in California* that is attributable to a rule, regulation, or statute that took effect in the taxable year in which the deduction is claimed, as provided.

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 17239 is added to the Revenue and
- 2 Taxation Code, to read:

1 17239. (a) For taxable years beginning on or after January 1,  
 2 2014, there shall be allowed as a deduction the amount of any loss  
 3 of the fair market value, *as determined by the taxpayer*, of any  
 4 tangible personal property *located in California* attributable to a  
 5 rule or regulation promulgated by a California state agency or a  
 6 statute enacted by the California Legislature that took effect in the  
 7 taxable year in which the deduction is claimed.

8 (b) For purposes of this section:

9 (1) “Fair market value” means “full cash value” or “fair market  
 10 value” as defined in Section 110.

11 (2) “Tangible personal property” means privately owned  
 12 property that has physical substance and can be touched.

13 (c) This section shall apply only to a rule or regulation  
 14 promulgated by a California state agency or a statute enacted by  
 15 the California Legislature promulgated or enacted on or after the  
 16 effective date of the act adding this section.

17 (d) The deduction allowed by this section is in lieu of any other  
 18 deduction which the taxpayer may otherwise claim pursuant to  
 19 this part with respect to the depreciation of tangible personal  
 20 property.

21 SEC. 2. Section 24356.9 is added to the Revenue and Taxation  
 22 Code, to read:

23 24356.9. (a) For taxable years beginning on or after January  
 24 1, 2014, there shall be allowed as a deduction the amount of any  
 25 loss of the fair market value, *as determined by the taxpayer*, of  
 26 any tangible personal property *located in California* attributable  
 27 to a rule or regulation promulgated by a California state agency  
 28 or a statute enacted by the California Legislature that took effect  
 29 in the taxable year in which the deduction is claimed.

30 (b) For purposes of this section:

31 (1) “Fair market value” means “full cash value” or “fair market  
 32 value” as defined in Section 110.

33 (2) “Tangible personal property” means privately owned  
 34 property that has physical substance and can be touched.

35 (c) This section shall apply only to a rule or regulation  
 36 promulgated by a California state agency or a statute enacted by  
 37 the California Legislature promulgated or enacted on or after the  
 38 effective date of the act adding this section.

39 (d) The deduction allowed by this section is in lieu of any other  
 40 deduction which the taxpayer may otherwise claim pursuant to

- 1 *this part with respect to the depreciation of tangible personal*
- 2 *property.*
- 3 SEC. 3. This act provides for a tax levy within the meaning of
- 4 Article IV of the Constitution and shall go into immediate effect.

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