

AMENDED IN ASSEMBLY APRIL 11, 2016

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2490

Introduced by Assembly Member Gatto

February 19, 2016

~~An act to amend Section 19522 of the Revenue and Taxation Code, relating to taxation. An act to add Section 23714 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2490, as amended, Gatto. ~~Franchise Tax Board: federal tax law changes: report. Corporation Tax Law: exemption: regulated investment company.~~

Existing law, the Corporation Tax Law, generally conforms to the federal income tax laws that apply to a regulated investment company and further provides that for purposes of the Corporation Tax Law, its "net income" is equal to its "investment company income." Existing law exempts from tax under the Corporation Tax Law, various organizations including credit unions, fraternal societies, social welfare organizations, and labor organizations.

This bill would exempt from tax under the Corporation Tax Law, a regulated investment company that is a mutual fund investment management company owned by investors in the mutual funds that it serves.

This bill would take effect immediately as a tax levy.

~~Existing law requires the Franchise Tax Board to submit to the Legislature, and to make available to the public, on or before January~~

10 of each year, a report on all of the changes to the Internal Revenue Code enacted into law in the prior year, as provided:

This bill would instead require that report to be submitted and made available on or before January 31 of each year. The bill would make other nonsubstantive changes:

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 23714 is added to the Revenue and
2 Taxation Code, to read:

3 23714. Notwithstanding any other law, a regulated investment
4 company, as defined in Section 851 of the Internal Revenue Code,
5 relating to definition of regulated investment company, that is a
6 mutual fund investment management company owned by the
7 investors of mutual fund that it serves.

8 SEC. 2. This act provides for a tax levy within the meaning of
9 Article IV of the Constitution and shall go into immediate effect.

10 SECTION 1. Section 19522 of the Revenue and Taxation Code
11 is amended to read:

12 19522. (a) (1) (A) On or before January 31 of each year, the
13 Franchise Tax Board shall submit to the Legislature a report on
14 all changes to the Internal Revenue Code enacted into law in the
15 prior year. To the extent possible, the report shall contain an
16 estimate of the revenue effect of conforming California law to
17 each of those changes.

18 (B) In the event that changes to the Internal Revenue Code are
19 enacted after September 15 of any year, the report described in
20 subparagraph (A) shall be submitted to the Legislature within 120
21 days after signature by the President of the United States, rather
22 than January 31.

23 (2) The report required by this section shall be made available
24 to the public.

25 (3) It is the intent of the Legislature that the policy committee
26 of each house of the Legislature hold at least one public hearing
27 on the report required by this section.

28 (b) For any introduced bill that proposes changes in any of the
29 dates in Section 17024.5, the Franchise Tax Board shall prepare
30 a complete analysis of the bill that describes all changes to state

1 law that will automatically occur by reference to federal law as of
2 the changed date. The Franchise Tax Board shall immediately
3 update and supplement that analysis upon any amendment to the
4 bill. That analysis shall be made available to the public and shall
5 be submitted to the Legislature for publication in the daily journal
6 of each house of the Legislature. The digest of the Legislative
7 Counsel shall indicate that an analysis of the bill shall be prepared
8 by the Franchise Tax Board and printed in the daily journal of each
9 house of the Legislature.

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