

1990

1990 Summary of Legislation

Franchise Tax Board

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**Franchise Tax
Board**

**prepared by
Legislative Services
Bureau**

1990 Summary of Legislation

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**SUMMARY OF
1990 LEGISLATION**

Prepared by: Legislative Services Bureau
Franchise Tax Board
Sacramento, California
January 29, 1991

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CONTACTS

For questions on specific forms, and availability of forms or reproduction proofs for printers and computerized processors:

Franchise Tax Board
Tax Forms Design Unit
Dirk Fowler
P.O. Box 1468
Sacramento, CA 95812-1468
(916) 369-5404

For Information regarding changes in tax law:

Franchise Tax Board
Legislative Services Bureau
P.O. Box 1468
Sacramento, CA 95812-1468
(916) 369-4329

For practitioner's orders of Personal Income Tax Forms:

Franchise Tax Board
Tax Forms Request Unit
P.O. Box 1468
Sacramento, CA 95812-1468

For practitioner's orders of Corporation Tax Forms:

Franchise Tax Board
Tax Forms Request Unit
P.O. Box 1468
Sacramento, CA 95812-1468

For copies of legislative bills (one copy of each bill will be furnished free):

Legislative Bill Room
State Capitol, Room B-32
Sacramento, CA 95814
(916) 445-2323

INTRODUCTION

This report includes a summary, in section number order, of changes to the Personal Income Tax Law (PITL), and the Bank and Corporation Tax Law (B&CTL), enacted by the Legislature in the 1990 Regular Session, and approved by the Governor. A section number in parenthesis below the number of the section summarized indicates a corresponding or related change was made to that section. Also included in the Section-By-Section Summary are changes to the Business & Professions Code (B&P), Corporations Code (CC), Government Code (GC), Insurance Code (IC), and Unemployment Insurance Code (UI), which are related to the PITL and the B&CTL.

Preceding the Section-By-Section Summary are:

- Exemption Credits
- Standard Deduction Amounts
- Limited-Income Credit Amounts
- Tax Rate Schedules - PIT
- Tax Tables - PIT

for taxable years beginning on or after January 1, 1990, and ending on or before November 30, 1991, followed by:

- Major Bills Vetoed
- 1990 Chaptered Bills
- Sections Added, Amended, Repealed

Legislative Change Reports (LC's), giving a brief description of the changes made by each legislative bill, are not included in this report, but are available upon request from the Legislative Services Bureau (See Contacts) No Legislative Change Reports (LC's) were issued for bills which only made minor technical corrections to the PITL, and B&CTL, or for changes in other codes related to these laws. For more detailed information, refer to the specific bill, one copy of which will be furnished free by the:

Legislative Bill Room
State Capitol, Room B-32
Sacramento, CA 95814
(916) 445-2323

TAXABLE YEARS BEGINNING ON OR AFTER JANUARY 1, 1990,
AND ENDING ON OR BEFORE NOVEMBER 30, 1991

PERSONAL EXEMPTION CREDITS

Single, Married filing separate return, or Head of household	\$58
Married filing joint return, or Qualifying widow(er)	\$116
Dependent (each)	\$58
65 or over (taxpayer and/or spouse - each)	\$58
Blind (taxpayer and/or spouse - each)	\$58

STANDARD DEDUCTION

Single or Married filing separate return	\$2,169
Married filing joint return, Head of household, or Qualifying widow(er)	\$4,339

LIMITED-INCOME CREDIT AMOUNTS
(Round off to nearest dollar)

Single, Married filing separate return, or Head of Household:

<u>If Adjusted Gross Income Is</u>	<u>Percentage of Computational Tax</u>
\$6,740 or less	100%
Over \$ 6,740, but not over \$ 7,790	80%
Over \$ 7,790, but not over \$ 8,860	60%
Over \$ 8,860, but not over \$ 9,900	40%
Over \$ 9,900, but not over \$10,960	20%
Over \$10,960	0%

Married filing joint return, and Qualifying widow(er)

<u>If Adjusted Gross Income Is</u>	<u>Percentage of Computational Tax</u>
\$13,500 or less	100%
Over \$13,500, but not over \$15,590	80%
Over \$15,590, but not over \$17,700	60%
Over \$17,700, but not over \$19,810	40%
Over \$19,810, but not over \$21,900	20%
Over \$21,900	0%

"Computational tax" is:

- Form 540 - Line 22, less sum of lines 26 through 31
- Form 540A - Line 17, less sum of lines 18, 19 and 20.
- Form 540NR - Line 25, less sum of lines 36 through 40.

**CALIFORNIA TAX RATES FOR TAXABLE YEAR 1990
TAX SCHEDULES**

**SCHEDULE 1. (A) SINGLE TAXPAYERS
(B) MARRIED FILING SEPARATE RETURNS
(C) FIDUCIARY TAX RETURNS**

IF THE TAXABLE INCOME IS . . .		COMPUTED TAX IS . . .				

OVER	BUT NOT OVER				OF AMOUNT OVER . .	
\$0	\$4,213 . . .	\$0.00	PLUS	1.0%	\$0	
\$4,213	\$9,985 . . .	\$42.13	PLUS	2.0%	\$4,213	
\$9,985	\$15,757 . . .	\$157.57	PLUS	4.0%	\$9,985	
\$15,757	\$21,875 . . .	\$388.45	PLUS	6.0%	\$15,757	
\$21,875	\$27,646 . . .	\$755.53	PLUS	8.0%	\$21,875	
\$27,646	and over. . .	\$1,217.21	PLUS	9.3%	\$27,646	

**SCHEDULE 2. (A) JOINT TAXPAYERS AND
(B) SURVIVING SPOUSE WITH DEPENDENTS**

IF THE TAXABLE INCOME IS . . .		COMPUTED TAX IS . . .				

OVER	BUT NOT OVER				OF AMOUNT OVER . .	
\$0	\$8,426 . . .	\$0.00	PLUS	1.0%	\$0	
\$8,426	\$19,970 . . .	\$84.40	PLUS	2.0%	\$8,426	
\$19,970	\$31,514 . . .	\$315.14	PLUS	4.0%	\$19,970	
\$31,514	\$43,750 . . .	\$776.90	PLUS	6.0%	\$31,514	
\$43,750	\$55,292 . . .	\$1,511.06	PLUS	8.0%	\$43,750	
\$55,292	and over. . .	\$2,439.42	PLUS	9.3%	\$55,292	

SCHEDULE 3. (A) UNMARRIED HEAD OF HOUSEHOLD

IF THE TAXABLE INCOME IS . . .		COMPUTED TAX IS . . .				

OVER	BUT NOT OVER				OF AMOUNT OVER . .	
\$0	\$8,427 . . .	\$0.00	PLUS	1.0%	\$0	
\$8,427	\$19,970 . . .	\$84.27	PLUS	2.0%	\$8,427	
\$19,970	\$25,741 . . .	\$315.13	PLUS	4.0%	\$19,970	
\$25,741	\$31,857 . . .	\$545.97	PLUS	6.0%	\$25,741	
\$31,859	\$37,631 . . .	\$913.05	PLUS	8.0%	\$31,859	
\$37,631	and over. . .	\$1,374.81	PLUS	9.3%	\$37,631	

California Tax Table

Use this table if your taxable income on line 16 is \$50,000 or less. If over \$50,000, use the Tax Rate Schedules on page v.

To Find Your Tax:

1. Find the amount of your taxable income on line 16 of Form 540A.
2. Read down the column titled "If Your Taxable Income Is . . ." Find the amounts which apply to your taxable income.
3. Read across the column titled "The Tax For Filing Status." Find the amount of tax which applies to your filing status.

If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
\$1	\$50	\$0	\$0	\$0	6,451	6,550	88	65	65	12,951	13,050	278	176	176
51	150	1	1	1	6,551	6,650	90	66	66	13,051	13,150	282	178	178
151	250	2	2	2	6,651	6,750	92	67	67	13,151	13,250	286	180	180
251	350	3	3	3	6,751	6,850	94	68	68	13,251	13,350	290	182	182
351	450	4	4	4	6,851	6,950	96	69	69	13,351	13,450	294	184	184
451	550	5	5	5	6,951	7,050	98	70	70	13,451	13,550	298	186	186
551	650	6	6	6	7,051	7,150	100	71	71	13,551	13,650	302	188	188
651	750	7	7	7	7,151	7,250	102	72	72	13,651	13,750	306	190	190
751	850	8	8	8	7,251	7,350	104	73	73	13,751	13,850	310	192	192
851	950	9	9	9	7,351	7,450	106	74	74	13,851	13,950	314	194	194
951	1,050	10	10	10	7,451	7,550	108	75	75	13,951	14,050	318	196	196
1,051	1,150	11	11	11	7,551	7,650	110	76	76	14,051	14,150	322	198	198
1,151	1,250	12	12	12	7,651	7,750	112	77	77	14,151	14,250	326	200	200
1,251	1,350	13	13	13	7,751	7,850	114	78	78	14,251	14,350	330	202	202
1,351	1,450	14	14	14	7,851	7,950	116	79	79	14,351	14,450	334	204	204
1,451	1,550	15	15	15	7,951	8,050	118	80	80	14,451	14,550	338	206	206
1,551	1,650	16	16	16	8,051	8,150	120	81	81	14,551	14,650	342	208	208
1,651	1,750	17	17	17	8,151	8,250	122	82	82	14,651	14,750	346	210	210
1,751	1,850	18	18	18	8,251	8,350	124	83	83	14,751	14,850	350	212	212
1,851	1,950	19	19	19	8,351	8,450	126	84	84	14,851	14,950	354	214	214
1,951	2,050	20	20	20	8,451	8,550	128	86	86	14,951	15,050	358	216	216
2,051	2,150	21	21	21	8,551	8,650	130	88	88	15,051	15,150	362	218	218
2,151	2,250	22	22	22	8,651	8,750	132	90	90	15,151	15,250	366	220	220
2,251	2,350	23	23	23	8,751	8,850	134	92	92	15,251	15,350	370	222	222
2,351	2,450	24	24	24	8,851	8,950	136	94	94	15,351	15,450	374	224	224
2,451	2,550	25	25	25	8,951	9,050	138	96	96	15,451	15,550	378	226	226
2,551	2,650	26	26	26	9,051	9,150	140	98	98	15,551	15,650	382	228	228
2,651	2,750	27	27	27	9,151	9,250	142	100	100	15,651	15,750	386	230	230
2,751	2,850	28	28	28	9,251	9,350	144	102	102	15,751	15,850	391	232	232
2,851	2,950	29	29	29	9,351	9,450	146	104	104	15,851	15,950	397	234	234
2,951	3,050	30	30	30	9,451	9,550	148	106	106	15,951	16,050	403	236	236
3,051	3,150	31	31	31	9,551	9,650	150	108	108	16,051	16,150	409	238	238
3,151	3,250	32	32	32	9,651	9,750	152	110	110	16,151	16,250	415	240	240
3,251	3,350	33	33	33	9,751	9,850	154	112	112	16,251	16,350	421	242	242
3,351	3,450	34	34	34	9,851	9,950	156	114	114	16,351	16,450	427	244	244
3,451	3,550	35	35	35	9,951	10,050	158	116	116	16,451	16,550	433	246	246
3,551	3,650	36	36	36	10,051	10,150	162	118	118	16,551	16,650	439	248	248
3,651	3,750	37	37	37	10,151	10,250	166	120	120	16,651	16,750	445	250	250
3,751	3,850	38	38	38	10,251	10,350	170	122	122	16,751	16,850	451	252	252
3,851	3,950	39	39	39	10,351	10,450	174	124	124	16,851	16,950	457	254	254
3,951	4,050	40	40	40	10,451	10,550	178	126	126	16,951	17,050	463	256	256
4,051	4,150	41	41	41	10,551	10,650	182	128	128	17,051	17,150	469	258	258
4,151	4,250	42	42	42	10,651	10,750	186	130	130	17,151	17,250	475	260	260
4,251	4,350	44	43	43	10,751	10,850	190	132	132	17,251	17,350	481	262	262
4,351	4,450	46	44	44	10,851	10,950	194	134	134	17,351	17,450	487	264	264
4,451	4,550	48	45	45	10,951	11,050	198	136	136	17,451	17,550	493	266	266
4,551	4,650	50	46	46	11,051	11,150	202	138	138	17,551	17,650	499	268	268
4,651	4,750	52	47	47	11,151	11,250	206	140	140	17,651	17,750	505	270	270
4,751	4,850	54	48	48	11,251	11,350	210	142	142	17,751	17,850	511	272	272
4,851	4,950	56	49	49	11,351	11,450	214	144	144	17,851	17,950	517	274	274
4,951	5,050	58	50	50	11,451	11,550	218	146	146	17,951	18,050	523	276	276
5,051	5,150	60	51	51	11,551	11,650	222	148	148	18,051	18,150	529	278	278
5,151	5,250	62	52	52	11,651	11,750	226	150	150	18,151	18,250	535	280	280
5,251	5,350	64	53	53	11,751	11,850	230	152	152	18,251	18,350	541	282	282
5,351	5,450	66	54	54	11,851	11,950	234	154	154	18,351	18,450	547	284	284
5,451	5,550	68	55	55	11,951	12,050	238	156	156	18,451	18,550	553	286	286
5,551	5,650	70	56	56	12,051	12,150	242	158	158	18,551	18,650	559	288	288
5,651	5,750	72	57	57	12,151	12,250	246	160	160	18,651	18,750	565	290	290
5,751	5,850	74	58	58	12,251	12,350	250	162	162	18,751	18,850	571	292	292
5,851	5,950	76	59	59	12,351	12,450	254	164	164	18,851	18,950	577	294	294
5,951	6,050	78	60	60	12,451	12,550	258	166	166	18,951	19,050	583	296	296
6,051	6,150	80	61	61	12,551	12,650	262	168	168	19,051	19,150	589	298	298
6,151	6,250	82	62	62	12,651	12,750	266	170	170	19,151	19,250	595	300	300
6,251	6,350	84	63	63	12,751	12,850	270	172	172	19,251	19,350	601	302	302
6,351	6,450	86	64	64	12,851	12,950	274	174	174	19,351	19,450	607	304	304

California Tax Table — Continued

If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
19,451	19,550	613	306	306	26,451	26,550	1,126	576	592	33,451	33,550	1,762	896	1,044
19,551	19,650	619	308	308	26,551	26,650	1,134	580	598	33,551	33,650	1,771	902	1,052
19,651	19,750	625	310	310	26,651	26,750	1,142	584	604	33,651	33,750	1,780	908	1,060
19,751	19,850	631	312	312	26,751	26,850	1,150	588	610	33,751	33,850	1,790	914	1,068
19,851	19,950	637	314	314	26,851	26,950	1,158	592	616	33,851	33,950	1,799	920	1,076
19,951	20,050	643	316	316	26,951	27,050	1,166	596	622	33,951	34,050	1,808	926	1,084
20,051	20,150	649	320	320	27,051	27,150	1,174	600	628	34,051	34,150	1,817	932	1,092
20,151	20,250	655	324	324	27,151	27,250	1,182	604	634	34,151	34,250	1,827	938	1,100
20,251	20,350	661	328	328	27,251	27,350	1,190	608	640	34,251	34,350	1,836	944	1,108
20,351	20,450	667	332	332	27,351	27,450	1,198	612	646	34,351	34,450	1,845	950	1,116
20,451	20,550	673	336	336	27,451	27,550	1,206	616	652	34,451	34,550	1,855	956	1,124
20,551	20,650	679	340	340	27,551	27,650	1,214	620	658	34,551	34,650	1,864	962	1,132
20,651	20,750	685	344	344	27,651	27,750	1,222	624	664	34,651	34,750	1,873	968	1,140
20,751	20,850	691	348	348	27,751	27,850	1,232	628	670	34,751	34,850	1,883	974	1,148
20,851	20,950	697	352	352	27,851	27,950	1,241	632	676	34,851	34,950	1,892	980	1,156
20,951	21,050	703	356	356	27,951	28,050	1,250	636	682	34,951	35,050	1,901	986	1,164
21,051	21,150	709	360	360	28,051	28,150	1,259	640	688	35,051	35,150	1,910	992	1,172
21,151	21,250	715	364	364	28,151	28,250	1,269	644	694	35,151	35,250	1,920	998	1,180
21,251	21,350	721	368	368	28,251	28,350	1,278	648	700	35,251	35,350	1,929	1,004	1,188
21,351	21,450	727	372	372	28,351	28,450	1,287	652	706	35,351	35,450	1,938	1,010	1,196
21,451	21,550	733	376	376	28,451	28,550	1,297	656	712	35,451	35,550	1,948	1,016	1,204
21,551	21,650	739	380	380	28,551	28,650	1,306	660	718	35,551	35,650	1,957	1,022	1,212
21,651	21,750	745	384	384	28,651	28,750	1,315	664	724	35,651	35,750	1,966	1,028	1,220
21,751	21,850	751	388	388	28,751	28,850	1,325	668	730	35,751	35,850	1,976	1,034	1,228
21,851	21,950	758	392	392	28,851	28,950	1,334	672	736	35,851	35,950	1,985	1,040	1,236
21,951	22,050	766	396	396	28,951	29,050	1,343	676	742	35,951	36,050	1,994	1,046	1,244
22,051	22,150	774	400	400	29,051	29,150	1,352	680	748	36,051	36,150	2,003	1,052	1,252
22,151	22,250	782	404	404	29,151	29,250	1,362	684	754	36,151	36,250	2,013	1,058	1,260
22,251	22,350	790	408	408	29,251	29,350	1,371	688	760	36,251	36,350	2,022	1,064	1,268
22,351	22,450	798	412	412	29,351	29,450	1,380	692	766	36,351	36,450	2,031	1,070	1,276
22,451	22,550	806	416	416	29,451	29,550	1,390	696	772	36,451	36,550	2,041	1,076	1,284
22,551	22,650	814	420	420	29,551	29,650	1,399	700	778	36,551	36,650	2,050	1,082	1,292
22,651	22,750	822	424	424	29,651	29,750	1,408	704	784	36,651	36,750	2,059	1,088	1,300
22,751	22,850	830	428	428	29,751	29,850	1,418	708	790	36,751	36,850	2,069	1,094	1,308
22,851	22,950	838	432	432	29,851	29,950	1,427	712	796	36,851	36,950	2,078	1,100	1,316
22,951	23,050	846	436	436	29,951	30,050	1,436	716	802	36,951	37,050	2,087	1,106	1,324
23,051	23,150	854	440	440	30,051	30,150	1,445	720	808	37,051	37,150	2,096	1,112	1,332
23,151	23,250	862	444	444	30,151	30,250	1,455	724	814	37,151	37,250	2,106	1,118	1,340
23,251	23,350	870	448	448	30,251	30,350	1,464	728	820	37,251	37,350	2,115	1,124	1,348
23,351	23,450	878	452	452	30,351	30,450	1,473	732	826	37,351	37,450	2,124	1,130	1,356
23,451	23,550	886	456	456	30,451	30,550	1,483	736	832	37,451	37,550	2,134	1,136	1,364
23,551	23,650	894	460	460	30,551	30,650	1,492	740	838	37,551	37,650	2,143	1,142	1,372
23,651	23,750	902	464	464	30,651	30,750	1,501	744	844	37,651	37,750	2,152	1,148	1,381
23,751	23,850	910	468	468	30,751	30,850	1,511	748	850	37,751	37,850	2,162	1,154	1,391
23,851	23,950	918	472	472	30,851	30,950	1,520	752	856	37,851	37,950	2,171	1,160	1,400
23,951	24,050	926	476	476	30,951	31,050	1,529	756	862	37,951	38,050	2,180	1,166	1,409
24,051	24,150	934	480	480	31,051	31,150	1,538	760	868	38,051	38,150	2,189	1,172	1,418
24,151	24,250	942	484	484	31,151	31,250	1,548	764	874	38,151	38,250	2,199	1,178	1,428
24,251	24,350	950	488	488	31,251	31,350	1,557	768	880	38,251	38,350	2,208	1,184	1,437
24,351	24,450	958	492	492	31,351	31,450	1,566	772	886	38,351	38,450	2,217	1,190	1,446
24,451	24,550	966	496	496	31,451	31,550	1,576	776	892	38,451	38,550	2,227	1,196	1,456
24,551	24,650	974	500	500	31,551	31,650	1,585	782	898	38,551	38,650	2,236	1,202	1,465
24,651	24,750	982	504	504	31,651	31,750	1,594	788	904	38,651	38,750	2,245	1,208	1,474
24,751	24,850	990	508	508	31,751	31,850	1,604	794	910	38,751	38,850	2,255	1,214	1,484
24,851	24,950	998	512	512	31,851	31,950	1,613	800	916	38,851	38,950	2,264	1,220	1,493
24,951	25,050	1,006	516	516	31,951	32,050	1,622	806	924	38,951	39,050	2,273	1,226	1,502
25,051	25,150	1,014	520	520	32,051	32,150	1,631	812	932	39,051	39,150	2,282	1,232	1,511
25,151	25,250	1,022	524	524	32,151	32,250	1,641	818	940	39,151	39,250	2,292	1,238	1,521
25,251	25,350	1,030	528	528	32,251	32,350	1,650	824	948	39,251	39,350	2,301	1,244	1,530
25,351	25,450	1,038	532	532	32,351	32,450	1,659	830	956	39,351	39,450	2,310	1,250	1,539
25,451	25,550	1,046	536	536	32,451	32,550	1,669	836	964	39,451	39,550	2,320	1,256	1,549
25,551	25,650	1,054	540	540	32,551	32,650	1,678	842	972	39,551	39,650	2,329	1,262	1,558
25,651	25,750	1,062	544	544	32,651	32,750	1,687	848	980	39,651	39,750	2,338	1,268	1,567
25,751	25,850	1,070	548	548	32,751	32,850	1,697	854	988	39,751	39,850	2,348	1,274	1,577
25,851	25,950	1,078	552	552	32,851	32,950	1,706	860	996	39,851	39,950	2,357	1,280	1,586
25,951	26,050	1,086	556	556	32,951	33,050	1,715	866	1,004	39,951	40,050	2,366	1,286	1,595
26,051	26,150	1,094	560	560	33,051	33,150	1,724	872	1,012	40,051	40,150	2,375	1,292	1,604
26,151	26,250	1,102	564	564	33,151	33,250	1,734	878	1,020	40,151	40,250	2,385	1,298	1,614
26,251	26,350	1,110	568	568	33,251	33,350	1,743	884	1,028	40,251	40,350	2,394	1,304	1,623
26,351	26,450	1,118	572	572	33,351	33,450	1,752	890	1,036	40,351	40,450	2,403	1,310	1,632

California Tax Table — Continued

If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
40,451	40,550	2,413	1,316	1,642	43,951	44,050	2,738	1,531	1,967	47,451	47,550	3,064	1,811	2,293
40,551	40,650	2,422	1,322	1,651	44,051	44,150	2,747	1,539	1,976	47,551	47,650	3,073	1,819	2,302
40,651	40,750	2,431	1,328	1,660	44,151	44,250	2,757	1,547	1,986	47,651	47,750	3,082	1,827	2,311
40,751	40,850	2,441	1,334	1,670	44,251	44,350	2,766	1,555	1,995	47,751	47,850	3,092	1,835	2,321
40,851	40,950	2,450	1,340	1,679	44,351	44,450	2,775	1,563	2,004	47,851	47,950	3,101	1,843	2,330
40,951	41,050	2,459	1,346	1,688	44,451	44,550	2,785	1,571	2,014	47,951	48,050	3,110	1,851	2,339
41,051	41,150	2,468	1,352	1,697	44,551	44,650	2,794	1,579	2,023	48,051	48,150	3,119	1,859	2,348
41,151	41,250	2,478	1,358	1,707	44,651	44,750	2,803	1,587	2,032	48,151	48,250	3,129	1,867	2,358
41,251	41,350	2,487	1,364	1,716	44,751	44,850	2,813	1,595	2,042	48,251	48,350	3,138	1,875	2,367
41,351	41,450	2,496	1,370	1,725	44,851	44,950	2,822	1,603	2,051	48,351	48,450	3,147	1,883	2,376
41,451	41,550	2,506	1,376	1,735	44,951	45,050	2,831	1,611	2,060	48,451	48,550	3,157	1,891	2,386
41,551	41,650	2,515	1,382	1,744	45,051	45,150	2,840	1,619	2,069	48,551	48,650	3,166	1,899	2,396
41,651	41,750	2,524	1,388	1,753	45,151	45,250	2,850	1,627	2,079	48,651	48,750	3,175	1,907	2,404
41,751	41,850	2,534	1,394	1,763	45,251	45,350	2,859	1,635	2,088	48,751	48,850	3,185	1,915	2,414
41,851	41,950	2,543	1,400	1,772	45,351	45,450	2,868	1,643	2,097	48,851	48,950	3,194	1,923	2,423
41,951	42,050	2,552	1,406	1,781	45,451	45,550	2,878	1,651	2,107	48,951	49,050	3,203	1,931	2,432
42,051	42,150	2,561	1,412	1,790	45,551	45,650	2,887	1,659	2,116	49,051	49,150	3,212	1,939	2,441
42,151	42,250	2,571	1,418	1,800	45,651	45,750	2,896	1,667	2,125	49,151	49,250	3,222	1,947	2,451
42,251	42,350	2,580	1,424	1,809	45,751	45,850	2,906	1,675	2,135	49,251	49,350	3,231	1,955	2,460
42,351	42,450	2,589	1,430	1,818	45,851	45,950	2,915	1,683	2,144	49,351	49,450	3,240	1,963	2,469
42,451	42,550	2,599	1,436	1,828	45,951	46,050	2,924	1,691	2,153	49,451	49,550	3,250	1,971	2,479
42,551	42,650	2,608	1,442	1,837	46,051	46,150	2,933	1,699	2,162	49,551	49,650	3,259	1,979	2,488
42,651	42,750	2,617	1,448	1,846	46,151	46,250	2,943	1,707	2,172	49,651	49,750	3,268	1,987	2,497
42,751	42,850	2,627	1,454	1,856	46,251	46,350	2,952	1,715	2,181	49,751	49,850	3,278	1,995	2,507
42,851	42,950	2,636	1,460	1,865	46,351	46,450	2,961	1,723	2,190	49,851	49,950	3,287	2,003	2,516
42,951	43,050	2,645	1,466	1,874	46,451	46,550	2,971	1,731	2,200	49,951	50,000	3,294	2,009	2,523
43,051	43,150	2,654	1,472	1,883	46,551	46,650	2,980	1,739	2,209	OVER \$50,000, YOU MUST COMPUTE YOUR TAX USING THE TAX RATE SCHEDULES				
43,151	43,250	2,664	1,478	1,893	46,651	46,750	2,989	1,747	2,218					
43,251	43,350	2,673	1,484	1,902	46,751	46,850	2,999	1,755	2,228					
43,351	43,450	2,682	1,490	1,911	46,851	46,950	3,008	1,763	2,237					
43,451	43,550	2,692	1,496	1,921	46,951	47,050	3,017	1,771	2,246					
43,551	43,650	2,701	1,502	1,930	47,051	47,150	3,026	1,779	2,255					
43,651	43,750	2,710	1,508	1,939	47,151	47,250	3,036	1,787	2,265					
43,751	43,850	2,720	1,515	1,949	47,251	47,350	3,045	1,795	2,274					
43,851	43,950	2,729	1,523	1,958	47,351	47,450	3,054	1,803	2,283					

MAJOR BILLS VETOED

AB 3034

(Klehs) EXEMPT ORGANIZATIONS: DISCRIMINATING SOCIAL CLUBS; ELIMINATING THE MINIMUM FRANCHISE TAX FOR FARMERS' MARKET ASSOCIATIONS; SPECIAL TAX TREATMENT OF BELOW MARKET LOANS TO POLAND. Would establish 1) special tax treatment of below-market loans to Poland; 2) exempt farmers market associations from paying the annual minimum franchise tax of \$800; 3) disallow tax-exempt status to social clubs who restrict membership or use of facilities on the basis of age, sex, race, religion, color, ancestry, national origin, blindness or disability, as specified.

Reason for veto: " While I support efforts to encourage and maintain democracy in foreign countries, exempting Polish bonds from the rules for below market loans will result in an indeterminable revenue loss to the General Fund. Given our current fiscal situation, I believe it would be imprudent to enact legislation that would reduce the General Fund revenue, to the detriment of our existing priority programs.

SB 86

(Garamendi) SOLAR ENERGY CREDIT: Would provide for 1) the elimination of the restriction that systems with a generating capacity in excess of 30 megawatts may be claimed only if the IRC allows at least a 10% tax credit for the specific year; and 2) the lowering of the requirement to obtain a finding from the Energy Commission that the system qualifies from 10 megawatts to 1 megawatt.

Reason for veto: I support efforts to encourage the development of solar energy in California. That is why I signed SB 227 last year, (CH. 1291, 1989), which provides a solar energy credit under both the Personal Income Tax and Bank and Corporation tax Laws when the federal government provides a similar credit.

I don't think that it is appropriate to remove the existing linkage between the federal tax credit and the state credit. Not only does this move us away from conformity from the federal tax code, but most business decisions are made on the basis of federal tax law. I don't think that it is necessary to create a state only tax program to encourage solar energy. Moreover, in a year when many important state services received less money than needed, it is inappropriate to enact legislation that permits a major reduction in revenues. Additionally, provisions in this bill inappropriately permit the energy commission to grant an exemption from the established guidelines and criteria if the commission finds that the project meets the intent of current law for purposes of the tax credit. These provisions would give the commission wide latitude to award the tax credits to projects that fail to meet the legal guidelines thereby increasing our General fund revenue loss by an indeterminate amount.

SB 438

(KOPP) STATE BOARD OF EQUALIZATION: MEMBERS CONFLICT OF INTEREST Would expand the definition of "adjudicatory proceeding" to include state property assessments for the purpose of the prohibition against members of the Board of Equalization from voting upon or influencing any adjudicatory decision if they have received a campaign contribution of \$250 or more from any participant in the proceedings within the previous 12 months. Would clarify the duty of a corporation to disclose contributions which it made to a board member.

Reason for veto: This bill represents an unwarranted expansion of Senate Bill No. 1738 (1990, Ch.84), which I signed into law this year. I am concerned that this bill may discriminate against Board of Equalization members who are required to stand for election in extremely large districts, treating them differently for the purpose of campaign contributions from other elected officials who perform similar duties such as elected county tax assessors. This bill may establish barriers to persons who wish to challenge an incumbent board member which are insurmountable.

SB 2833

(Ayala) DISASTER LOSS DEDUCTION Would modify the current existing disaster loss provision to include losses sustained during February and March of 1990, as a result of the Upland earthquake of February 28, 1990.

Reason for veto: While I am concerned with tragedies associated with all disasters, the damage to the Upland area was relatively minor and not sufficient to qualify for a federal disaster declaration, and existing programs can provide the economic relief that is consistent with the level of relief typically provided in disasters of a comparable magnitude. Extending the financial assistance programs that are designed for a major disaster to this case would not only result in General Fund costs of approximately \$700,000 but would set an undesirable precedent and result in even greater state costs in future years.

1990 CHAPTERED BILLS

BILL NUMBER ORDER

Bill No.	Chapter No.	LC No.	Bill No.	Chapter No.	LC No.
AB 29	30	90-1	SB 389	1154	90-20
AB 274	452	90-8	SB 1085	166	90-3
AB 374	1485	90-26	SB 1174	139	---
AB 379	330	90-5	SB 1286	1436	90-27
AB 582	1174	---	SB 1520	809	90-9
AB 1498	49	---	SB 1869	813	90-18
AB 2104	119	90-2	SB 1898	987	---
AB 2282	1386	90-29	SB 1925	1349	90-32
AB 2311	1497	90-28	SB 2007	1270	---
AB 2564	1618	90-25	SB 2085	1451	90-22
AB 2663	1387	90-31	SB 2177	601	90-17
AB 2667	719	---	SB 2197	989	90-15
AB 2745	102	90-6	SB 2208	1347	90-21
AB 2773	926	90-10	SB 2252	1348	90-24
AB 2886	393	---	SB 2319	464	90-7
AB 2906	567	---	SB 2510	216	---
AB 3045	727	90-14	SB 2600	1611	90-23
AB 3073	1023	---	SB 2735	1484	90-30
AB 3086	846	90-12	SB 2796	1253	---
AB 3167	1506	---	SB 2894	1055	90-19
AB 3352	1513	90-33	SB 2902	1165	---
AB 3582	766	90-16			
AB 3583	409	90-4	Proposition 139		90-34
AB 3628	740	90-11			
AB 3653	1191	---			
AB 3882	705	90-13			
AB 3973	411	---			
AB 4121	387	---			
AB 4251	1200	---			

CHAPTER NUMBER ORDER

Chapter No.	Bill No.	LC No.	Chapter No.	Bill No.	LC No.
30	AB 29	90-1	719	AB 2667	---
49	AB 1498	---	727	AB 3045	90-14
102	AB 2745	90-6	740	AB 3628	90-11
119	AB 2104	90-2	766	AB 3582	90-16
139	SB 1174	---	809	SB 1520	90-9
166	SB 1085	90-3	813	SB 1869	90-18
216	SB 2510	---	846	AB 3086	90-12
330	AB 379	90-5	926	AB 2773	90-10
387	AB 4121	---	987	SB 1898	---
393	AB 2886	---	989	SB 2197	90-15
409	AB 3583	90-4	1023	AB 3073	---
411	AB 3973	---	1055	SB 2894	90-19
452	AB 274	90-8	1154	SB 389	90-20
464	SB 2319	90-7	1174	AB 582	---
567	AB 2906	---	1165	SB 2902	---
601	SB 2177	---	1191	AB 3653	---
705	AB 3882	90-13	1200	AB 4251	---
			1253	SB 2796	---
			1270	SB 2007	---

CHAPTER NUMBER ORDER

Chapter No.	Bill No.	LC No.	Chapter No.	Bill No.	LC No.
1347	SB 2208	90-21	1484	SB 2735	90-30
1348	SB 2252	90-24	1485	AB 374	90-26
1349	SB 1952	90-32	1497	AB 2311	90-28
1386	AB 2282	90-29	1506	AB 3167	---
1387	AB 2663	90-31	1513	AB 3352	90-33
1436	SB 1286	90-27	1611	SB 2600	90-23
1451	SB 2085	90-22	1618	AB 2564	90-25

Note 1: Legislative Change Reports (LC's) not issued for bills which made only minor technical corrections to the PITL, SCPTAL, and the B&CTL, or for bills which made changes to other codes relating to programs administered by the Franchise Tax Board.

Note 2: On November 7, 1990, the people of California passed the initiative measure proposition 139. Officially cited as the "Prison Inmate labor Initiative of 1990". The measure is effective on or after January 1, 1990, and establishes a 10 percent tax credit for the amount of wages paid by an employer to each inmate of a state prison who is employed by the business in a joint venture program which meets certain requirements of the penal code.

Note 3: Section 54 of AB 274 (Ch. 90-452), incorporates numerous federal technical corrections included in the Revenue Reconciliation Act of 1989 (ACT Sections 7801 to 7894, inclusive). That act made technical corrections to provisions of the Internal Revenue Code, the Technical and Miscellaneous Revenue Act of 1988, the Revenue Act of 1987, the Tax Reform Act of 1986, the Omnibus Budget Reconciliation Act of 1986, the Pension Protection Act, the Single-Employer Pension Plan Amendments Act of 1986, and the Employee Retirement Income Security Act of 1974.

To the extent that the federal technical corrections made changes to provisions of the Internal Revenue Code that are incorporated into California law by reference, those changes are adopted as declaratory of existing law and are applied in the same manner as specified in the Revenue Reconciliation Act of 1989.

To the extent that the federal technical corrections made changes to provisions of the Internal Revenue Code or provisions of public law that are not incorporated into California law by reference, those changes are adopted by specific action (see Sections 17076, 17560, 18681.1, and 24667 in the Section-by-Section Summary).

SECTIONS ADDED, AMENDED, REPEALED

<u>Section</u>	<u>Action</u>	<u>Page</u>	<u>Section</u>	<u>Action</u>	<u>Page</u>
BUSINESS AND PROFESSIONS CODE			17095	Amended	8
7019.5	Added	42	17138	Added	8
7145.5	Added	42	17131.5	Added	8
CORPORATIONS CODE			17138	Added	8
1108	Amended	42	17145	Amended	8
2203	Amended	42	17149	Amended	9
GOVERNMENT CODE			17151	Amended	9
7073	Amended	43	17154	Repealed	9
7078	Amended	43	17157	Amended	9
7595	Added	43	17207	Amended	9
14627	Amended	43	17224	Amended	10
15626	Added	43	17250	Amended	10
15702	Amended	44	17252.5	Amended	10
INSURANCE CODE			17265	Amended	10
10113.1	Added	44	17276	Amended	10
10113.2	Added	44	17276.2	Amended	10
REVENUE AND TAXATION CODE			17277	Repealed	10
17008.5	Added	1	17279	Repealed	11
17020.13	Added	1	17551	Amended	11
17024.5	Amended	1	17552	Amended	11
17034	Amended	1	17560	Amended	11
17039	Amended	2	17561	Amended	12
17043	Amended	2	17563	Repeal/Add	12
17047	Added	2	17564	Amended	12
17052.5	Amended	2	17570	Amended	13
17052.6	Amended	2	17854	Amended	13
17052.11	Add/Repeal	3	18001	Amended	13
17052.12	Amended	3	18002	Amended	13
17052.13	Amended	3	18006	Amended	14
17052.14	Amended	3	18035.5	Amended	14
17052.20	Add/Repeal	3	18041.5	Added	14
17053.1	Amended	4	18180	Amended	14
17053.5	Amended	4	18410.5	Amended	14
17053.6	Amended	4	18470	Amended	15
17053.8	Amended	4	18514	Added	15
17053.11	Amended	4	18514.1	Added	15
17053.20	Amended	5	18514.2	Added	15
17054	Amended	5	18515.2	Amended	15
17054.5	Amended	5	18515.3	Amended	15
17054.6	Add/Repeal	5	18544	Amended	16
17054.7	Amended	5	18551.1	Amended	16
17057.5	Add/Amend	6	18554	Amended	16
17058	Amended	6	18681	Amended	16
17062	Amended	6	18681.1	Amended	16
17069	Amended	7	18681.6	Amended	16
17073.5	Amended	7	18684	Repealed	17
17076	Amended	7	18684.4	Repealed	17
17092	Repealed	7	18685	Added	17
17094	Repealed	8	18685.07	Repealed	17
			18689	Amended	17
			18689.5	Added	17
			18698	Amended	18
			18698.5	Repealed	18

<u>Section</u>	<u>Action</u>	<u>Page</u>	<u>Section</u>	<u>Action</u>	<u>Page</u>
18699	Repealed	18	23605	Amended	27
18802.2	Amended	18	23608	Amended	27
18802.6	Repeal/Added	18	23609	Amended	28
18805	Repeal/Added	19	23610.4	Added/Amend	28
18815	Repeal/Added	19	23610.5	Added	28
18861-18863	Amended	19	23612	Amended	28
19053.1	Amended	19	23612.5	Amended	28
19062.13	Amended	19	23617.5	Amended	28
19063	Amended	19	23622	Amended	29
19254	Amended	20	23623	Amended	29
19269	Amended	20	23624	Added	29
19283	Amended	20	23634	Repealed	29
19285	Amended	20	23701v	Amended	29
19285.5	Amended	20	23732	Amended	29
19286.7	Amended	20	23735	Amended	29
19312	Added	21	23801	Amended	30
19401.5	Added	21	23802	Amended	30
19409	Amended	21	24274	Repealed	30
19411.1	Renumbered	21	24323	Added	30
19415	Renumbered	21	24343.5	Amended	31
19416	Renumbered	21	24344	Amended	31
19417	Renumbered	21	24344.5	Amended	31
19418	Renumbered	22	24347.5	Amended	31
19419	Amended	22	24356.2	Amended	31
23036	Amended	23	24357.7	Amended	31
23038.5	Added	23	24357.8	Amended	31
23044	Amended	23	24358	Amended	31
23051.5	Amended	23	24365	Repeal/Added	32
23058	Amended	23	24366	Repealed	32
23151	Amended	23	24367	Repealed	32
23153	Amended	24	24368	Repealed	32
23186	Amended	24	24368.1	Repeal/Add	32
23186.5	Added	24	24390	Repealed	32
23301	Amended	24	24402	Amended	32
23301.5	Amended	24	24413.2	Repealed	33
23301.6	Added	24	24413.3	Repealed	33
23302	Amended	24	24416.2	Amended	33
23304	Repealed	25	24422	Amended	33
23304.1	Added	25	24422.1	Repealed	33
23304.5	Added	25	24422.3	Amended	33
23305	Amended	25	24424	Amended	33
23305.1	Added	25	24457	Amended	34
23305.2	Added	25	24466	Amended	34
23305a	Amended	25	24521	Amended	34
23305c	Added	25	24533	Amended	34
23331	Amended	26	24562	Amended	35
23332	Amended	26	24564	Amended	35
23455	Added	26	24580	Amended	35
23456	Amended	27	24592	Amended	35
23459	Amended	27	24601	Amended	36
23571	Repeal/Added	27	24634	Amended	36
23572	Amend/Renumber	27	24637	Amended	36
23601.5	Amended	27	24652	Amended	36
23603	Added/Repeal	27	24667	Amended	36

Section	Action	Page
24673.2	Amended	36
24681	Amended	37
24685	Repeal/Added	37
24692	Amended	37
24693	Added	37
24870	Amended	37
24872	Amended	37
24941	Repeal/Added	38
24950	Repeal/Added	38
24951	Repeal/Added	38
24953.5	Amended	38
24955	Added	38
24966	Amended	38
24990.5	Amended	38
24990.7	Added	39
24993	Amended	39
25107	Amended	39
25111	Amended	39
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25555	Amended	40
25901c	Amended	40
25931	Amended	40
25934	Repealed	40
25934.4	Repealed	40
25935	Added	40
25937	Added	40
25940	Added	40
26131	Repeal/Added	41
26135	Added	41
26350	Added	41
26423	Amended	41
26453	Amended	42
26453.2	Amended	42
26453.5	Amended	42

UNEMPLOYMENT INSURANCE CODE		
621.5	Amended	44
13052.5	Amended	45



SECTION-BY-SECTION SUMMARY

SC = Substantive Change

TC = Technical Change

PERSONAL INCOME TAX LAW

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General Provisions and Definitions

17008.5 New (23038.5) LC 90-8	7704	CERTAIN PUBLICLY TRADED PARTNERSHIPS TREATED AS CORPORATIONS (SC) Provides that the provisions of IRC Section 7704 (relating to certain publicly traded partnerships treated as corporations) shall apply. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
17020.13 New LC 90-8	7701(k)	TREATMENT OF CERTAIN AMOUNTS PAID TO CHARITY (SC) Incorporates, by reference, the provisions of IRC Section 7701(k) relating to treatment of certain honorariums transferred at the individual's request to a charitable organization. Operative for taxable years beginning on or after January 1, 1991. (AB 274, Ch. 90-452)
17024.5 Amend (23051.5) LC 90-8	----	GENERAL PROVISIONS (SC) Changes the "specified date" from January 1, 1989, to January 1, 1990, for taxable years beginning on or after January 1, 1990. Provides that uncodified provisions of federal law enacted on or after January 1, 1987, are applicable for state purposes to the extent that they relate to provisions of the IRC that have been incorporated into state law by reference. Also provides that the uncodified language is applicable only to the same taxable years as the underlying IRC provision that is referenced by state law. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
17034 Amend (23058) LC 90-24	----	OPERATIVE DATE (SC) Clarifies that the effective date of provisions relating to credits against the tax will be the same as for provisions affecting the computation of taxes. Operative for taxable years beginning on or after January 1, 1990. (SB 2252, Ch. 90-1348)

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17039 Amend (23036) LC 90-32	26	DEFINITION OF "NET TAX"; ORDER OF ALLOWANCE OF CREDITS (SC) Modifies definition of "Net tax" to exclude reference to amounts imposed under Section 17560 (d)(1) and (e)(2), relating to interest on the deferral of tax attributable to installment sales. Adds credit for political contributions (Section 17053.14) to the first category in the sequence of allowable credits. Also adds solar energy credit allowed under former Section 17052.5 to credits which can reduce regular tax below the tentative minimum tax. Operative for taxable years beginning on or after January 1, 1990. (SB 1925, Ch. 90-1349)
17043 Amend LC 90-24	----	FILING STATUS SAME AS FEDERAL (TC) Clarifies that the exceptions to the requirement that a taxpayer use the same filing status as that used on his or her federal return applies only when a Joint federal return is filed. Operative for taxable years beginning on or after January 1, 1990. (SB 2252, Ch. 90-1348)
17047 New LC 90-24	1398/ 1399	CARRYBACK AND CARRYFORWARD FOR INDIVIDUAL BANKRUPTCY CASES (SC) Conforms state law to federal law relating to the treatment of individuals in bankruptcy. However, for California only 50% of the unused "administrative expense costs" may be carried over for seven years (no carryback). Operative for taxable years beginning on or after January 1, 1990. (SB 2252, Ch. 90-1348)

Tax Credits

17052.5 Amend (23601.5) LC 90-32	----	COMMERCIAL SOLAR ENERGY SYSTEM (TC) Specifies that certain commercial solar energy systems may "qualify" for a tax credit, rather than the system "claims" the credit. Operative September 26, 1990. (SB 1925, Ch. 90-1349)
17052.6 Amend LC 90-21	21	CHILD CARE CREDIT (SC) Reduces the amount of the credit allowable above specified levels of adjusted gross income. Operative for taxable years beginning on or after January 1, 1991, and before December 31, 1993. (SB 2208, Ch. 90-1347)

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LC 90-32 ---- Adds standard language applicable to all credits with respect to sunset provisions. Operative September 26, 1990. (SB 1925, Ch. 90-1349)

17052.11 ---- LOW EMISSION MOTOR VEHICLE CREDITS (SC) Provides a New/Repeal (23603) tax credit for a motor vehicle converted to a low-emission motor vehicle and allows a credit for the purchase of a new motor vehicle that is factory equipped to operate as a low-emission vehicle. LC 90-23 Operative for taxable years beginning on or after January 1, 1991, and before January 1, 1995. (SB 2600, Ch. 90-1611)

17052.12 41 RESEARCH TAX CREDIT (SC) Conforms to the new Amend (23609) federal rules for start-up companies, but not the federal changes which replaced the three year moving "base-period expenses" with a five year fixed "base amount." Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

LC 90-8

17052.13 ---- SALES AND USE TAX CREDIT ON PURCHASE OF QUALIFIED Amend (23612) PROPERTY (SC) Modifies, for purposes of limiting the credit, the three factor apportionment formula, as it pertains to businesses located in either LC 90-5 enterprise zones or designated program areas, by eliminating the sales factor. Operative for taxable years beginning on or after January 1, 1991, and ending on or before December 31, 1996. (AB 379, Ch. 90-330)

17052.14 ---- RECYCLING EQUIPMENT (SC) Amended to allow credit Amend (23612.5) only if both the total adjusted basis of all qualified property owned, and the total capacity of qualified property to use recycled materials, on the LC 90-19 last day of the taxable year exceeds the largest total adjusted basis of, and the largest total capacity of, all qualified property owned at any one time during (was on the last day of) the base year. Also deletes the \$250,000 limit on the amount of the credit per facility and, instead, limits the total cost of qualified property to \$625,000 per facility for the five-year credit period. Operative for taxable years beginning on or after January 1, 1990. (SB 2894, Ch. 90-1055)

17052.20 ---- QUALIFIED PARENT CREDIT (SC) Provides a phaseout New tax credit for qualified parent (defined) who elects to stay home to care for at least one child who has

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LC 90-21 not reached the age of 13 months. Operative for taxable years beginning on or after January 1, 1991, and before January 1, 1994. (SB 2208, Ch. 90-1347)

17053.1 ---- NON-EMPLOYER SPONSORED VANPOOL CREDIT (SC) Modifies
Amend subdivisions (b) and (e) to clarify that each employee, including a husband and wife
LC 90-1 individually, who participates in a nonemployer sponsored vanpool is entitled to claim the credit for his or her vanpool subscription costs. Adds paragraph (5) to subdivision (c) defining "vanpool subscription costs". Operative for taxable years beginning on or after January 1, 1989 and before January 1, 1996. (AB 29, Ch. 90-30)

LC 90-8 Adds paragraph (6) to subdivision (c) to clarify that an employee of a government agency or tax exempt organization is eligible for the rideshare credit, even though the employer may be a sponsor of the vanpool program. Operative January 1, 1990. (AB 274, Ch. 90-452)

LC 90-24 A technical clean up to AB 274 (Ch. 90-452) to clarify that employees of nonprofit organizations exempt from tax under the BCTL are also eligible for the ridesharing credit. Operative January 1, 1990. (SB 2252, Ch. 90-1348)

17053.5 ---- RENTERS CREDIT (SC) Reduces credit for married
Amend taxpayers filing jointly, head of household and surviving widow(er) to \$120 (was \$137). Operative
LC 90-7 for taxable years beginning on or after January 1, 1990. (SB 2319, Ch. 90-464)

17053.6 ---- CREDIT FOR WAGES PAID TO PRISONER (SC) Allows a 10
New percent credit for wages paid in a work program
(23624) pursuant to the "Prison Inmate labor Initiative of 1990". Operative for taxable years beginning on or
LC 90-34 after January 1, 1990. (Added by initiative measure 139, approved by the voters, November 6, 1990.)

17053.8 ---- CREDIT FOR WAGES PAID TO DISADVANTAGED EMPLOYEES
IN AN ENTERPRISE ZONE (SC)

17053.11 CREDIT FOR HIRING OF UNEMPLOYED RESIDENTS OF HIGH
Amend DENSITY UNEMPLOYMENT AREA (SC) Modifies, the
(23622) provision that otherwise deductible wages upon which
(23623) the credit is based must be reduced by the amount of the credit (formerly denied deduction for full amount of wages upon which credit was based).

LC 90-5

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Operative for taxable years beginning on or after January 1, 1990.

Modifies, for purposes of limiting the credit for taxable years beginning on or after January 1, 1991, and ending on or before December 31, 1996, the three factor apportionment formula, as it pertains to businesses located in an enterprise zone, by eliminating the sales factor. (AB 379, Ch. 90-330)

17053.20 ---- EMPLOYER PAID HEALTH COVERAGE (TC) Nonsubstantive
Amend technical change in subdivision (h)(2)(c).
LC 90-32 Operative September 26, 1990. (SB 1925, Ch. 90-1349)

17054 151(c), PERSONAL EXEMPTIONS (SC) Conforms California head
Amend (d) of household and dependent definition with federal
LC 90-12 law. Also deletes reference to Section 17504,
relating to the separate tax on lump-sum
distributions. Operative for taxable years
beginning on or after January 1, 1990. (AB 3086,
Ch. 90-846)

17054.5 ---- JOINT CUSTODY HEAD OF HOUSEHOLD (SC) Clarifies and
Amend standardizes the instructions for indexing this
LC 90-24 credit. Operative for taxable years beginning on or
after January 1, 1990. (SB 2252, Ch. 90-1348)

17054.6 ---- HEAD OF HOUSEHOLD (SC) Allows a special tax credit
New for taxpayers who qualify for head of household but
LC 90-20 are not eligible to claim a dependent exemption
credit for the person for whom the household is
maintained. Operative for taxable years beginning
on or after January 1, 1990, and before January 1,
1992. (AB 3086, Ch. 90-846)

17054.7 ---- SENIOR HEAD OF HOUSEHOLD (SC) Establishes a credit
New in an amount equal to 2 percent (not to exceed \$750)
LC 90-20 of the taxable income for an individual age 65 or
older with an adjusted gross income not over
\$37,500, who qualified as head of household for
either of the two immediately preceding taxable
years, if the qualifying individual died in either
of those immediately preceding taxable years.
Operative for taxable years beginning on or after
January 1, 1990. (SB 389, Ch. 90-1154)

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17057.5 New (23610.4)	42	LOW INCOME HOUSING CREDIT (SC) Codifies in the Revenue and Taxation Code the legislative intent that the state credit shall not exceed an amount that, when combined with the allowable federal credit, is enough to ensure the financial feasibility of the project and its viability throughout the compliance period. Operative June 22, 1990. (SB 1085, Ch. 90-166)
LC 90-3		
LC 90-32		Substitutes the "extended use period" (45 years) for the "compliance period" (30 years). Operative for taxable years beginning on or after January 1, 1990. (SB 1925, Ch. 90-1349)
17058 Amend (23610.5)	42	LOW-INCOME HOUSING CREDIT (SC) Conforms to federal changes made by PL 101-239, modifies the rules pertaining to limiting the taxpayer's return on investment from the operation of the project, clarifies the treatment of new buildings versus existing buildings located in difficult development areas, specifies that at least 20 percent of the low-income housing tax credits available must be allocated to rural areas, and makes other substantial changes. Chaptered out by, but also included in AB 374 (Ch. 90-1485) Operative June 22, 1990. (SB 1085, Ch. 90-166)
LC 90-3		
LC 90-32		Deletes, in subdivision (a)(1), references to specific federal acts which, if left in place, would "freeze" the reference to federal law and preclude routine conformity (changes in the "specified date") to subsequent changes in federal law. Chaptered out by, but also included in AB 374 (Ch. 90-1485) Operative for taxable years beginning on or after January 1, 1990. (SB. 1925, Ch. 90-1349)
LC 90-26		Limits credit for buildings in a difficult development area or a qualified census tract by reducing the amount of the federal credit as specified. Operative for taxable years beginning on or after January 1, 1990. (AB 374, Ch. 90-1485)

ALTERNATIVE MINIMUM TAX

17062 Amend (23455) (23456)	56	IMPOSITION OF TAX (SC) Amends subdivision (b) to delete other state tax credit from definitions of both regular tax and tentative minimum tax when comparing the tentative minimum tax with the regular tax. Repeals subdivision (c), thereby eliminating an exception to the federal treatment of
LC 90-8		

installment sales. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

LC 90-32

Modifies definition of "regular tax", for purposes of computing the alternative minimum tax, to exclude any increase in tax imposed under Section 17560, relating to computation of interest on the deferral of tax for certain installment sales. Operative for taxable years beginning on or after January 1, 1990. (SB 1925, Ch. 90-1349)

Special Tax Credit

17069
Amend

LOW INCOME CREDIT (SC) Clarifies and standardizes the instruction for indexing the adjusted gross income brackets on which the credit is based.

LC 90-12

Authorizes the FTB to develop credit tables to reflect the credit computation. Operative for taxable years beginning on or after January 1, 1990. (AB 3086, Ch. 90-846)

Definition of Taxable Income

17073.5
Amend

STANDARD DEDUCTION (SC) Clarifies and standardizes the instructions for indexing the standard deduction. Operative for taxable years beginning on or after January 1, 1990. (SB 2252, Ch. 90-1348)

LC 90-24

17076
Amend

67(c)

MISCELLANEOUS ITEMIZED DEDUCTION (SC) Deletes subdivisions (b), (c) and (d) as unnecessary in conforming, by reference, to the provisions of IRC Section 67, relating to the 2 percent floor on miscellaneous itemized deductions. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

LC 90-8

Items Specifically Included in Gross Income

17092
Repeal

89

EFFECTIVE DATES FOR RULES FOR DISCRIMINATORY BENEFIT PLANS (SC) Section repealed, as corresponding IRC Section 89 was repealed. See Section 17095, below. Operative for taxable years beginning on or after January 1, 1989. (AB 274, Ch. 90-452)

LC 90-8

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17094 81 VACATION PAY SUSPENSE ACCOUNT (SC) Section added by
Repeal AB 802 (Stats. 1989, Ch. 1352) repealed, thus
(24274) conforming to federal rules. See section 17563,
LC 90-8 below. Operative for taxable years beginning on or
after January 1, 1990. (AB 274, Ch. 90-452)

17095 ----- BENEFITS UNDER CERTAIN EMPLOYEE BENEFIT PLANS (SC)
Amend Clarifies that the repeal of IRC Section 89 and the
LC 90-8 reinstatement of federal pre-1986 law relating
to nondiscriminatory rules applies. Operative for
taxable years beginning on or after January 1, 1989.
(AB 274, Ch. 90-452)

Items Specifically Excluded from Gross Income

17131.5 ----- LIVING BENEFITS (SC) Excludes from gross income
New amounts received as accelerated living benefits
(IC 10113.1) under a policy of life or endowment insurance or an
LC 90-31 annuity contract if paid pursuant to Section
10113.1 of the Insurance Code. Operative for
taxable years beginning on or after January 1, 1991.
(AB 2663, Ch. 90-1387)

17138 ----- REBATE EXCLUSION (SC) Provides that any amount
New received as a rebate from a local water agency or
(24323) supplier for any expenses paid or incurred by the
LC 90-9 taxpayer for the purchase or installation of a
specified type of water conservation water closet or
urinal shall be treated as a refund or price
adjustment of amounts payable to that water agency
or supplier and thus excludable from gross income.
Operative for taxable years beginning on or after
January 1, 1990. (SB 1520, Ch. 90-809)

17145 851 EXEMPT-INTEREST DIVIDENDS - MANAGEMENT COMPANIES
Amend (SC) Combines federal and state obligations to meet
LC 90-2 the quarterly 50 percent holding test of obligations
which, when held by an individual, earn interest
that is exempt from taxation under the constitution
or law of this state or of the United States.
Operative for taxable years beginning on or after
January 1, 1990. (AB 2104, Ch. 90-119)

LC 90-24 Clarifies that the exclusion of interest income does
not include any amount attributable to those
expenses for which a deduction is denied. This
conforms to federal law by adding rules included in

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the federal definition of an "exempt interest dividend." Operative for taxable years beginning on or after January 1, 1990. (SB 2252, Ch. 90-1348)

17149 ---- RIDESHARING BENEFITS (SC) Subdivisions (b) and (c)
Amend are amended to delete references to "third party"
(24343.5) vanpools and to add carpools and free or subsidized
LC 90-8 parking as excludable benefits. Operative for
taxable years beginning on or after January 1, 1990.
(AB 274, Ch. 90-452)

17151 127(d) EDUCATIONAL ASSISTANCE PROGRAMS (SC) Conforms to
Amend the federal provisions for exclusion of employer
LC 90-8 provided education assistance except for the federal
termination date (IRC Sec. 127(d)). Instead,
subdivision (c)(2) provides that the state exclusion
shall not apply to any taxable year (or portion
thereof) in which there is no federal exclusion.
Operative for taxable years beginning on or after
January 1, 1990. (AB 274, Ch. 90-452)

17154 117 QUALIFIED SCHOLARSHIPS This section is repealed as
Repeal California PITL is in full conformity with IRC
LC 90-8 Section 117. Operative January 1, 1991. (AB 274,
Ch. 90-452)

17157 120(e) EMPLOYER PROVIDED GROUP LEGAL SERVICE PLAN (SC)
Amend Conforms state law to the federal law for
LC 90-8 exclusion of employer provided group legal services,
except for the federal termination date (IRC Sec.
120(e)). Instead, subdivision (e) provides that the
state exclusion shall not apply to any taxable year
(or portion thereof) in which there is no federal
exclusion. Operative for taxable years beginning on
or after January 1, 1990. (AB 274, Ch. 90-452)

Deductions

17207 165 DISASTER RELIEF (TC) Corrects a punctuation error
Amend by adding a critical comma after "earthquake" in
LC 90-16 subdivision (a)(5), and removes an obsolete
reference to Section 17206, repealed by AB 482
(Stats. 1989, Ch. 362). Operative January 1, 1990.
(AB 3582, Ch. 90-766)

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17224 Amend (24344.5) LC 90-8	163(e)(5)	ORIGINAL ISSUE DISCOUNT INTEREST (SC) Treats certain high yield OID obligations (Junk Bonds) as preferred stock. Operative for obligations issued after July 10, 1989. (AB 274, Ch. 90-452)
17250 Amend (24368.1) LC 90-8	167(r)	DEPRECIATION AND AMORTIZATION (SC) Conforms to the federal effective date (transfers after October 2, 1989) relating to special rules that apply to the deduction of fixed sum payments and contingent payments that are made on account of the transfer of a franchise, trademark or trade name. Also conforms to effective date (interest created or acquired after July 27, 1989) relating to the denial of depreciation or amortization for a term interest in property for any period during which the remainder interest in such property is held by a related person. (AB 274, Ch. 90-452)
17252.5 Amend (24356.2) LC 90-24	179	ELECTION TO EXPENSE DEPRECIABLE BUSINESS ASSETS USED IN ENTERPRISE ZONE (TC) Corrects grammar and deletes reference to nonexistent paragraph. Operative September 26, 1990. (SB 2252, Ch. 90-1348)
17265 Amend LC 90-24	179	CAPITAL EXPENDITURES - PROGRAM AREA PROPERTY (TC) Removes obsolete references to Sections 17252, 18032, and 18033, repealed by AB 53, (Stats. 1987, Ch. 1138), and substitutes a reference to IRC Section 179 for the deleted reference to Section 17252. Operative September 26, 1990. (SB 2252, Ch. 90-1348)
17276.2 Amend (24416.2) LC 90-5	172	DEFINITION FOR "QUALIFIED TAXPAYER" AS USED IN SECTION 17276.1 (SC) Modifies, for purposes of apportioning net operating losses of businesses located in either enterprise zones or designated program areas, the three factor apportionment formula by eliminating the sales factor. Operative for taxable years beginning on or after January 1, 1991, and ending on or before December 31, 1996. (AB 379, Ch. 90-330)
17277 Repeal (24390) LC: None	----	"DRAM" CORPORATION - DEDUCTION FOR NET INTEREST INCOME (SC) Section, added by SB 192 (Stats. 1989, Ch. 1440), repealed. Provisions never became operative as the "consortium" did not select a site in California to conduct its operations. Operative April 13, 1990 (AB 1498, Ch. 90-49)

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17279 263A AMORTIZATION OF PAST SERVICE PENSION COSTS (SC)
Repeal Section added by AB 802 (Stats. 1989, Ch. 1352)
(24422.3) repealed, thus now conforming to Section 10204 of
LC 90-8 P.L. 100-203, providing that the proration
of expenses that represent past service pension
costs is subject to the uniform capitalization rules
(IRC Section 263A); i.e., an allocable portion of
all pension costs, whether for current or past
services, will be included in the basis of property
produced or held for resale (inventory) by the
taxpayer. The accounting (income) adjustment
resulting from this change is to be spread over two
years (50%-50%) [four year for federal]. Operative
for taxable years beginning on or after January 1,
1990. (AB 274, Ch. 90-452)

Accounting Periods and Methods of Accounting

17551 444(c)(1) ACCOUNTING PERIODS - CONFORMITY TO IRC (TC) Deletes
Amend the reference to Public Law 100-203 to clarify that
(24637) California is fully conformed to federal law. The
LC 90-32 reference was originally included because, at that
time, Section 444 was not contained in the version
of the IRC to which California was conformed. Since
that time the "specified date" has been changed and
the reference "as added by Public Law 100-203" is no
longer necessary. Operative September 26, 1990.
(SB 1925, Ch. 90-1349)

17552 443(a) SHORT PERIOD RETURNS (TC) Clarifies that even
Amend though a short period return required under this law
(24634) would result in a return with an accounting period
LC 90-24 ending other than that for federal purposes (e.g.,
when a taxpayer is not required to file a federal
short period return), a California short period
return is required under the situations described
under this law. Applies to California short
periods, beginning on or after January 1, 1991.
(SB 2252, Ch. 90-1348)

17560 453 INSTALLMENT METHOD; INSTALLMENT OBLIGATIONS (SC)
Amend 453A Conforms to the repeal of the proportionate
453B disallowance rule and installment sales by dealers.
453C Exceptions are allowed for property used in farming,
LC 90-8 and residential lots and time share rights sold in
the normal course of business. Provides in new
subdivision (d)(1), that in the case of any
installment obligation to which IRC Section

453(1)(2)(B) applies, the tax imposed under Section 17041 or 17048 shall be increased by the amount of interest determined in the manner provided under IRC Section 453(1)(3)(B); and, in new subdivision (e)(1), that in the case of any installment obligation to which IRC Section 453A applies and which is outstanding at the close of the taxable year, the tax imposed under Section 17041 or 17048 shall be increased by the amount of interest determined in the manner provided under IRC Section 453A(c)(2), except [as provided in new subdivision (e)(2)], the maximum rate used in calculating the deferred tax liability under the provisions of IRC Section 453A(c)(3)(B) shall be the maximum rate of tax imposed under section 17041 (currently 9.3%). The accounting adjustment resulting from the repeal of the installment method for dealers in real property shall be spread over two years (50%-50%) [four years for federal]. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

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|---|--------|--|
| 17561
Amend
(24692)

LC 90-8 | 469(k) | PASSIVE ACTIVITY LOSSES AND CREDITS LIMITED (TC)
Deletes unnecessary language relating to the definition of "adjusted gross income" covered in Section 17024.5(h)(2). Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452) |
| 17563
Repeal/
New
(24685)

LC 90-8 | 463 | ACCRUAL OF VACATION PAY - REPEAL (SC) Repeals Section 17563 added by AB 802 (Stats. 1989, Ch 1352) and adds new Section 17563 providing that the provisions of Section 10201 of P.L. 100-203, relating to the repeal of the reserve for accrual of vacation pay, are now applicable. The deduction is limited to the amount paid during the taxable year, plus the amount vested as of the last day of the taxable year and paid within two and one-half months after the close of the taxable year. The accounting adjustment (income) resulting from this change shall be spread over two years (50%-50%) [four years for federal]. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452) |
| 17564
Amend
(24673.2)

LC 90-8 | 460 | SPECIAL RULES FOR LONG-TERM CONTRACTS (SC)
Provides that long-term contracts entered into after February 28, 1986, shall be accounted for in accordance with IRC Section 460. Conforms to provisions of Section 10203 of P.L. 100-203, as modified by Section 5041 of P.L. 100-647, relating to the increase to 90 percent of items to be taken |

into account under the percentage of completion method for contracts. In the case of a contract entered after February 28, 1986 during a taxable year beginning before January 1, 1987, a contract entered into after October 13, 1987 during a taxable year beginning before January 1, 1988, a contract entered into after June 20, 1988 during a taxable year beginning before January 1, 1989, or a contract entered into after July 10, 1989 during a taxable year beginning before January 1, 1990, an adjustment to income shall be made upon completion of the contract to correct any underreporting or overreporting of income resulting from the difference between state and federal law for the taxable year in which the contract began. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

17570 468B DESIGNATED SETTLEMENT FUNDS: IRC. 468B SPECIAL RULES
Repeal (SC) Section repealed. Provision transferred to
(24693) new B&CTL Section 24693 because under federal law
LC 90-24 these funds are treated as corporations. Operative
 for taxable years beginning on or after January 1,
 1990. (SB 2252, Ch. 90-1348)

Partners and Partnerships

17854 ----- GUARANTEED PAYMENTS (TC) Clarifies that a
Amend guaranteed payment can be treated as income from
90-24 sources within California to the extent that it LC
 would have been sourced to California if the payment
 represented a distribution of current income to a
 partner. Operative for taxable years beginning on
 or after January 1, 1990. (SB 2252, Ch. 90-1348)

Credits for Taxes Paid to Other States

18001 ----- CREDITS, RESIDENTS (SC)
18002 CREDITS, NONRESIDENTS (SC) Eliminates the reference
Amend to a recomputed credit for taxes paid to another
LC 90-32 state, since the recomputed credit was repealed by
 AB 274 (Stats. 1990, Ch. 452.) Also, eliminates a
 reference to partnerships added when changes were
 made to the rules relating to "net income taxes"
 paid by an "S" Corporation (AB 482, Stats 1989, Ch.
 362). This amendment restores prior law with

respect to partnerships, as provided in Section 18006. Operative for taxable years beginning on or after January 1, 1990 (SB 1925, Ch. 90-1349)

18006 Amend LC 90-32	-----	CREDITS FOR PARTNERSHIP MEMBERS OR S CORPORATION SHAREHOLDERS (SC) Provides separate rules with respect to taxes paid by a partnership or an "S" corporation. Operative for taxable years beginning on or after January 1, 1990. (SB 1925, Ch. 90-1349)
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Gain or Loss on Disposition of Property

18035.5 Amend (24953.5) LC 90-32	1039	QUALIFIED HOUSING PROJECT: GAIN NOT RECOGNIZED (TC) Technical amendment in subdivision (d) is inoperative, since this section was automatically repealed on January 1, 1990. (SB 1925, Ch. 90-1349)
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18041.5 New (24955) LC 90-27	-----	NONRECOGNITION OF GAIN ON SALE OF LOW-INCOME HOUSING (SC) Provides for an income exclusion of gain realized on the sale of an assisted housing development (defined) and certain other real property to a majority or more of existing lower and very low income residents, provided that all of the proceeds from the sale are reinvested in residential real property, other than a personal residence, in this state within 2 years after the sale. Operative for taxable years beginning on or after January 1, 1990. (SB 1286, Ch. 90-1436)
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Capital Gains and Losses

18180 Amend (24993) LC 90-8	7872	LOANS WITH BELOW MARKET INTEREST RATES (SC) Provides that the federal changes made by section 307 of the Support for East European Democracy (SEED) Act of 1989 (below market interest rules) do <u>not</u> apply. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
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Returns

18410.5 Amend (25935)	6662	ADDITIONS TO THE TAX (SC) Increases penalties to 20% and 75% (were 5% and 50%, respectively) for joint returns filed to correct negligent or
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SUMMARY OF CHANGE

LC 90-8 fraudulent separate returns in lieu of Section 18685 penalties. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

18470 7508 CERTAIN ACTS POSTPONED, WHERE INDIVIDUALS OUTSIDE
Amend AMERICAS (SC) Conform to federal law by extending
LC 90-32 (to the spouse) certain provisions that apply to
military persons serving outside the U.S. Operative
for taxable years beginning on or after January 1,
1990. (SB 1925, Ch. 90-1349)

Designated Contributions

18514 ----- CALIFORNIA SENIORS TAX CREDIT FUND (SC) Adds
18514.1 provisions allowing individual taxpayers who qualify
18514.2 for and claim the elderly exemption credit to
New designate an amount equal to the amount of that
LC 90-22 credit as a contribution to the California Seniors
Special Fund, which is established by Section
18514.1. Operative for taxable years beginning on
or after January 1, 1991. (SB 2085, Ch. 90-1451)

18515.2 ----- VIETNAM VETERANS MEMORIAL FUND (SC) Specifies
Amend that \$50,000 of monies in fund is to be used for
LC 90-6 adding names upon, and repair of, memorial, and any
remaining balance is to be used for construction,
improvement or repair of other veterans memorials.
Operative May 21, 1990. (AB 2745, Ch. 90-102)

LC 90-11 Specifies additional use of monies in the fund to
include an information program (brochures, film,
tours) about the memorial. Operative September 15,
1990. (AB 3628, Ch. 90-740)

LC 90-32 Provides for the reimbursement of the State
Controller's costs in connection with voluntary
contributions made on income tax returns. Operative
September 26, 1990. (SB 1925, Ch. 90-1349)

18515.3 ----- DESIGNATION TO VIETNAM VETERANS MEMORIAL FUND (SC)
Amend Changes repeal date to January 1, 1992 (was January
LC 90-24 1, 1991), thus clarifying that the Vietnam Veterans
Memorial fund contributions may be made on 1990
income tax returns in conformity with Section
18515(c). Operative for taxable years beginning on
or after January 1, 1990. (SB 2252, Ch. 90-1348)

18544 ---- ALZHEIMER'S DISEASE AND RELATED DISORDERS RESEARCH
Amend FUND (TC) Provides for reimbursement of
LC 90-24 Controller's expense. Operative September 26, 1990.
(SB 2252, Ch. 90-1348)

Payment of Tax

18551.1 ---- TAX WITHHELD (SC) Provides that amounts withheld
Amend under Section 18805 or 18807 will be allowed as a
LC 90-12 credit on group returns of nonresident partners.
Operative for taxable years beginning on or after
January 1, 1990. (AB 3086, Ch. 90-846)

18554 6311 TAX, WHERE PAYABLE (SC) Requires FTB to establish
Amend a pilot program for payment of tax, penalty and/or
(25555) interest by credit card. Operative for payments
LC 90-4 on or after January 1, 1991, and before January 1,
1993. (AB 3583, Ch. 90-409)

Interest and Penalties

18681 6651(f) FAILURE TO FILE RETURN, PENALTY (SC) Federal
Amend conformity: Increases penalty for fraudulent failure
(25931) to file a return. Operative for taxable years
LC 90-8 beginning on or after January 1, 1990. (AB 274,
Ch. 90-452)

18681.1 6721/ Information Returns (SC) Incorporates, by
Amend 6724 reference, the provisions of IRC Sections 6721
LC 90-8 through 6724, relating to penalties for failure to
file information returns, provide statements to
payees, and report identification numbers.
Operative for taxable years beginning on or after
January 1, 1990. (AB 274, Ch. 90-452)

18681.6 ---- UNREPORTED COMPENSATION, PENALTY (TC) Clarifies
Amend that the Unemployment Insurance code Section 13052.5
(UI 13052.5) penalty shall prevail over the Revenue and Taxation
LC 90-16 Code Section 18686.6 penalty. Operative for taxable
years beginning on or after January 1, 1991. (AB
3582, Ch. 90-766)

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18684 Repeal (25934) LC 90-8	6653	UNDERPAYMENT OF LIABILITY DUE TO NEGLIGENCE OR FRAUD (SC) Section is repealed to conform with the repeal of former IRC Section 6653. See Section 18685, below. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
18684.4 Repeal (25934.4) LC 90-8	6661	SUBSTANTIAL UNDERSTATEMENT OF LIABILITY (SC) Section is repealed to conform with the repeal of former IRC Section 6651. See Section 18685, below. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
18685 New (25935) LC 90-8	6662- 6665	ACCURACY RELATED PENALTY (SC) Conforms to the provisions of IRC Sections 6662 through 6665, relating to penalties with respect to the accuracy of returns and information. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
18685.07 Repeal LC 90-8	6676	FAILURE TO SUPPLY IDENTIFYING NUMBER (SC) Section repealed to conform with the repeal of former IRC Section 6676. Provisions now part of Section 18681.1, which includes failure to report identification numbers. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
18689 Amend (25901c) LC 90-8	6601(e)	INTEREST ON PENALTIES (SC) Conforms the rules for computation of interest on penalties to reflect the restructuring of federal penalties. See Section 18685. Also clarifies that changes made by AB 802 (Stats. 1989, Ch.1352), relating to the computation of interest on certain penalties, applies only to returns originally due after December 31, 1988. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
LC 90-24		Clarifies that (1) interest on administrative penalties is imposed under the section of law that authorizes interest on tax, and (2) that the interest on penalties is specifically imposed with respect to all penalties that are assessed administratively. Operative September 26, 1990. (SB 2252, Ch. 90-1348)
18689.5 New (25937)	6657	PENALTY FOR BAD CHECKS (SC) Conforms to IRC Section 6657, relating to imposition of a penalty for taxpayers who tender bad checks in the payment of

LC 90-12 tax. Operative for taxable years beginning on or after January 1, 1990. (AB 3086, Ch. 90-846)

18698 Amend ----- CERTAIN FAILURES TO PAY TAX (TC) Substitutes reference to Section 18682 for repealed section 18685.5 Operative September 26, 1990. (SB 2252, Ch. 90-1348)

LC 90-24

18698.5 Repeal 6653(f) FAILURE TO REPORT UNREALIZED GAIN - COMMODITY STRADDLES (SC) Section is repealed to conform with repeal of former IRC section 6653. Provisions now part of Section 18685, which includes failure to report information on straddles. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

LC 90-8

18699 Repeal 6659 PENALTY FOR VALUATION OVERSTATEMENTS (SC) Section repealed to conform with the repeal of former IRC Section 6659. Provisions now part of Section 18685, which includes substantial underpayment of tax due on valuation overstatements. Operative for taxable years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

LC 90-8

Collection of Tax

18802.2 Amend (25401c) 6041A INFORMATION RETURNS - PAYMENT FOR SERVICES (SC) Requires a copy of filed return to be given to the person on whom the information is based. Operative September 26, 1990. (SB 1925, Ch. 90-1349)

LC 90-32

18802.6 Amend (26135) 6050I COPIES OF FEDERAL INFORMATION RETURNS REQUIRED (SC) Mandates (was FTB may require) a copy of federal information return (Form 8300) relating to cash transactions be filed with FTB. Requires, upon order of the court, as specified, the Attorney General to be furnished a copy of that federal information return and authorizes the Attorney General to make that information available to a district attorney. Any information obtain by this section shall be confidential and used for investigative or prosecutorial purposes. Operative for period beginning on January 1, 1991, and ending on December 31, 1993. (SB 2735, Ch. 90-1484)

LC 90-30

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SUMMARY OF CHANGE

18805 Repeal/ New (26131) LC 90-7	1445	<p>WITHHOLDING OF TAX AT SOURCE (SC) Repeals current Section as of January 1, 1991. Adds new section encompassing former provisions, except for former subdivision (a)(2), relating to withholding on dispositions of real property in California by a foreign person, and adds new subdivision (d) extending the concept of the federal Foreign Investment Property Tax Act to include withholding at 3 1/3 percent (if the sale price exceeds \$100,000) on the sale of real property located in California by all nonresident individuals, including foreign residents. Specific exceptions and rules apply. Operative January 1, 1991. (SB 2319, Ch. 90-464)</p>
18815 Repeal/ New/Amend LC 90-7	-----	<p>LIABILITY FOR TAXES WITHHELD OR COLLECTED (SC) Repeals current section as of January 1, 1991. Adds new section encompassing former provisions, and adds new subdivisions (c) and (d) imposing specific liabilities on the transferee or real estate escrow person for failure to withhold, as required by section 18805(d), on the sale of certain California real property when the seller is not a California resident. Operative January 1, 1991 (SB 2319, Ch. 90-464)</p>
LC 90-12		<p>Adds interest for late payment to FTB of amounts required to be withheld under Section 18805 or 18807. Operative January 1, 1990. (AB 3086, Ch. 90-846)</p>
18861- 18863 Amend (26350) LC 90-24	-----	<p>JUDGEMENT FOR TAX (SC) Allows a judgement against any amounts that are due under the PITL or authorized to be collected by FTB as a tax, which includes collection fees for accounts collected by out-of-state private collection agencies. Operative September 26, 1990. (SB 2252, Ch. 90-1348)</p>

Overpayments and Refunds

19053.1 19062.13 19063 Amend LC 90-12	-----	<p>RETURN TREATED AS REFUND CLAIM (TC) REFUND OF TAX, EFFECT ON CORRECTNESS OF RETURNS (TC) INCOME TAX WITHHELD (TC) Adds reference to Section 18807, which requires withholding on California source partnership income of foreign nonresidents. Operative September 14, 1990. (AB 3086, Ch. 90-846)</p>
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Power and Duties of Franchise Tax Board

19254 ---- POWER OF EXAMINATION (SC) Requires FTB's demand for
Amend information from financial institutions to comply
(26423) with the provisions of the California Right to
LC 90-24 Financial Privacy Act. Operative September 26,
1990. (SB 2252, Ch. 90-1348)

19269 6621 ANNUAL INTEREST RATE (SC) Clarifies periods for
Amend which interest rates on delinquent taxes,
LC 90-16 assessments and overpayments apply. Operative
January 1, 1991. (AB 3582, Ch. 90-766)

Disclosure of Information

19283 ---- JUDICIAL ORDER, RETURN INFORMATION DISCLOSED
Amend PURSUANT TO (SC) Clarifies that a return or return
(26453) information, as defined, cannot be disclosed in a
LC 90-24 judicial or administrative proceeding if it merely
relates to tax administration. Operative September
26, 1990. (SB 2252, Ch. 90-1348)

19285 ---- ATTORNEY GENERAL MAY HAVE INFORMATION TO PROSECUTE
Amend OR DEFEND ACTIONS (TC) Eliminates misinterpretation
(26453.2) as to who is entitled to receive tax information
LC 90-24 where the information may be related to or the
taxpayer may be a party to the proceedings.
Operative September 26, 1990. (SB 2252,
Ch. 90-1348)

19285.5 ---- DEFINITIONS RELATING TO SECTIONS 19283 AND 19285
Amend (SC) Broadens provisions to include all sections
(26453.5) (was Sections 19283 and 19235) covering disclosure
LC 90-24 of tax information. Operative September 26, 1990.
(SB 2252, Ch. 90-1348)

19286.7 6103 WELFARE RECIPIENTS, INTEREST INCOME (SC) Authorizes
Amend the FTB to provide specified information to the
LC: None Department of Health Services (DHS) and the
Department of Social Services (DSS) on applicants
for or recipients of public service benefits who
received unearned income (was interest and
dividends) in the most recent available tax year
upon the DSS and DHS submission of a required impact
assessment report to the Legislature. Operative
June 15, 1990. (SB 1174, Ch. 90-139)

Tax Forms

19312 ----- TAX FORMS (SC) Requires FTB to include a statement adjacent to the signature line of returns to be filed by a married individual warning that "it is unlawful to forge a spouse's signature". Operative January 1, 1991. (AB 3045, Ch. 90-727)

New
(19401.5)

LC 90-14

Violations

19401.5 ----- UNAUTHORIZED USE OF SIGNATURE (SC) Makes it a misdemeanor for any individual to sign a spouse's name on any income tax return or any schedules or attachments without the consent of the spouse, as specified. Operative January 1, 1991. (AB 3045, Ch. 90-727)

New
(19312)

LC 90-14

19409 7082 FAILURE TO WITHHOLD OR PAY OVER TAX WITHHELD (TC) Adds reference to section 18807, which requires withholding on California source partnership income of foreign nonresidents. Operative September 14, 1990. (AB 3086, Ch. 90-846)

Amend

LC 90-12

19411.1 ----- PENALTY-FRAUDULENT WITHHOLDING EXEMPTION CERTIFICATE (TC) Renumbered section as 18699.1. Operative September 26, 1990. (SB 2252, Ch. 90-1348)

Renumbered

LC 90-24

19415 ----- PENALTY FOR PROMOTING ABUSIVE TAX SHELTERS (TC) Renumbered section as 18699.2. Operative September 26, 1990. (SB 2252, Ch. 90-1348)

Renumbered

LC 90-24

19416 ----- PENALTY FOR AIDING AND ABETTING UNDERSTATEMENT OF TAX LIABILITY (TC) Renumbered section as 18699.3. Operative September 26, 1990. (SB 2252, Ch. 90-1348)

Renumbered

LC 90-24

19417 ----- PENALTY FOR FILING FRIVOLOUS RETURNS (TC) Renumbered section as 18699.4. Operative September 26, 1990. (SB 2252, Ch. 90-1348)

Renumbered

LC 90-24

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SUMMARY OF CHANGE

19418	----	RULES APPLICABLE TO PENALTIES (TC)	Renumbered
Renumbered		section as 18699.5, and corrects references to	
LC 90-24		renumbered sections 18699.2, 18699.3, and 18699.4.	
		Operative September 26, 1990. (SB 2252, Ch.	
		90-1348)	
19419	----	ACTION TO ENJOIN PROMOTERS OF ABUSIVE TAX SHELTERS	
Amend		(TC) Corrects reference to renumbered sections	
LC 90-24		18699.2 and 18699.3. Operative September 26, 1990.	
		(SB 2252, Ch. 90-1348)	

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BANK AND CORPORATION TAX LAW

BCT
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SUMMARY OF CHANGE

General Provisions and Definitions

23036 Amend (17039) LC 90-32	26	"TAX" (SC) Specifies that the definition of "tax" does not include any increase in tax imposed under Section 24667, relating to the computation of interest on the deferral of tax for certain installment sales. Subdivision (d)(1) is amended for code maintenance. Operative for income years beginning on or after January 1, 1990. (SB 1925, Ch. 90-1349)
23038.5 New (17008.5) LC 90-8	7704	CERTAIN PUBLICLY TRADED PARTNERSHIPS TREATED AS CORPORATIONS (SC) See summary for PIT Section 17008.5. Operative for income years beginning on after January 1, 1990. (AB 274, Ch. 90-452)
23044 Amend (25107) LC 90-18	----	INTERNATIONAL BANKING FACILITY (SC) Makes permanent the state's treatment of IBF's by extending the provisions indefinitely. Operative for income years beginning on or after January 1, 1990. (SB 1869, Ch. 90-813)
23051.5 Amend (17024.5) LC 90-8	----	EFFECTIVE DATES AND GENERAL PROVISIONS (SC) Clarifies application of uncoded IRC provisions. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
23058 Amend (17034) LC 90-24	----	PERIOD FOR COMPUTATION OF TAXES (SC) Adds credits to provisions relating to operative dates. Changes reference to Sections 25951-25954.4 (was Section 25954). Operative for income years beginning on or after January 1, 1990. (SB 2252, Ch. 90-1348)

Tax on General Corporations

23151 Amend LC 90-24	----	TAX ON GENERAL CORPORATIONS (TC) Deletes obsolete language and clarifies that corporations are subject to the greater of the measured tax or the minimum franchise tax. Operative for income years beginning on or after January 1, 1990. (SB 2252, Ch. 90-1348)
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SUMMARY OF CHANGE

23153 Amend LC 90-24 ----- **MINIMUM FRANCHISE TAX (TC)** Deletes obsolete language and clarifies entities subject to the minimum tax. Operative for income years beginning on or after January 1, 1990. (SB 2252, Ch. 90-1348)

Tax on Banks and Financial Corporations

23186 Amend LC 90-28 ----- **DETERMINATION OF BANK TAX RATE (TC)** Makes technical changes to reflect the mathematical formula currently in use for computing the bank tax rate, and deletes obsolete language applicable to income years ending in 1980 to 1984, inclusive. Operative September 30, 1990. (AB 2311, Ch. 90-1497)

23186.5 New LC 90-28 ----- **BANK TAX RATE (SC)** Sets rate for income years ending in 1990 and 1991 at same rate for income years ending in 1989 (1.441%). Operative for income years ending after January 1, 1990 and before December 31, 1991. (AB 2311, Ch. 90-1497)

Suspension and Revivor

23301 Amend LC 90-10 ----- **SUSPENSION OR FORFEITURE OF CORPORATE POWERS FOR NONPAYMENT OF TAX (TC)**
23301.5 Amend LC 90-10 ----- **SUSPENSION OR FORFEITURE FOR FAILURE TO FILE RETURN (TC)** Grammatical correction. Operative January 1, 1991. (AB 2773, Ch. 90-926)

23301.6 New LC 90-10 ----- **FORFEITURE OF A QUALIFIED FOREIGN TAXPAYER (SC)** Provides that the forfeiture provisions, Sections 23301, 23301.5, 23571, and 23775, apply to foreign taxpayers, only if the taxpayer is qualified to do business in California. Operative January 1, 1991. (AB 2773, Ch. 90-926)

23302 Amend LC 90-10 ----- **CERTIFICATE OF SECRETARY OF STATE OF SUSPENSION OR FORFEITURE (SC)** Adds specific provisions before suspension or forfeiture becomes effective, and provides that a suspended or forfeited corporation is prohibited from selling, transferring or exchanging real property in California. Operative January 1, 1991. (AB 2773, Ch. 90-926)

**BCT
SECTION**

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SUMMARY OF CHANGE

23304 Repeal LC 90-10	-----	VOIDABLE CONTRACTS (SC) Section repealed; provisions reenacted under Section 23304.1. Operative January 1, 1991. (AB 2773, Ch. 90-926)
23304.1 New LC 90-10	-----	VOIDABLE CONTRACTS (SC) Specifies conditions under which contracts with a taxpayer may be voidable. Operative January 1, 1991. (AB 2773, Ch. 90-926)
23304.5 New LC 90-10	-----	VOIDABLE CONTRACTS (SC) Specifies procedures to be followed to void contracts. Operative January 1, 1991. (AB 2773, Ch. 90-926)
23305 Amend LC 90-10	-----	APPLICATION FOR REVIVOR (SC) Codifies current practice that in order to be relieved from suspension or forfeiture, payment must include full amount due for which suspension or forfeiture occurred and any other amount due under the B&CTL; and specifies that the rules for foreign taxpayers are the same as those for domestic taxpayers regarding request for suspension relief. Operative January 1, 1991. (AB 2773, Ch. 90-926)
23305.1 New LC 90-10	-----	RELIEF FROM VOIDABILITY (SC) Provides procedures through which a taxpayer can seek relief from voidable contracts. Operative January 1, 1991. (AB 2773, Ch. 90-926)
23305.2 New LC 90-10	-----	REVIVOR AND RELIEF FORM VOIDABILITY OF CONTRACTS (TC) Allows the FTB to accept a bond, deposit or other security for the taxpayer's liability in-lieu of filing the required returns and paying the required amounts. Operative January 1, 1991. (AB 2773, Ch. 90-926)
23305a Amend LC 90-10	-----	CLEARANCE OF NAME, CERTIFICATE OF REVIVOR (SC) Specifies that voidable contracts may have voidability cured under Section 23305.1. Operative January 1, 1991. (AB 2773, Ch. 90-926)
23305c New LC 90-10	-----	CERTIFICATE OF REVIVOR INFORMATION (SC) Codifies current practice that certain revivor information is transmitted to the Secretary of State and is public information. Operative January 1, 1991. (AB 2773, Ch. 90-926)

Dissolution or Withdrawal

23331 ---- **EFFECTIVE DATE OF DISSOLUTION OR WITHDRAWAL (SC)**
Amend Imposes specified duties upon the Secretary of
(23332) State relating to procedures on corporate
LC 90-13 dissolution or withdrawl. Operative January 1,
1991. (AB 3882, Ch. 90-705)

23332 ---- **TAX YEAR OF DISSOLUTION OR WITHDRAWAL (SC)**
Amend Specifies required documents for tax clearance
(23331) certificate renewal as evidence of having filed for
LC 90-13 dissolution or withdrawl with the Secretary of
State before the expiration date of the original
tax clearance certificate. Operative January 1,
1991. (AB 3882, Ch. 90-705)

Note: (1) Unless taxpayers are formally suspended or forfeited by the Franchise Tax Board, contracts entered into in violation of the suspension and forfeiture provisions before January 1, 1991, are not voidable under the prior suspension and forfeiture statutory provisions; and (2) taxpayers with contracts entered into before January 1, 1991, and who revived on or after January 1, 1990, and before January 1, 1991, may apply for voidability relief under this act (beginning January 1, 1991). However, the act also provides that irrespective of these operative rules, the Legislature does not intend for this act to affect the rights of those in cases where a court action is commenced before September 17, 1990, or a subsequent action is commenced after that date but it is based upon the prior law asserted in the prior action. In these cases, the rights shall be determined by prior law.

Alternative Minimum Tax

23455 ---- **IRC Section 55, STATE MODIFICATIONS (SC)** Modifies
Amend definition of "regular tax" to exclude any increase
(17062) in tax imposed under Section 24667, relating to
LC 90-32 computation of interest on the deferral of tax for
certain installment sales. Operative for income
years beginning on or after January 1, 1990. (SB
1925, Ch. 90-1349)

<u>BCT SECTION</u>	<u>IRC SECTION</u>	<u>SUMMARY OF CHANGE</u>
23456 Amend (17062) LC 90-8	56	IRC SECTION 56, STATE MODIFICATION (SC) Adds modifications to IRC Sections 56(f)(2)(E), 56(g)(4)(A), (C)(iv), and (D)(ii). Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
23459 Amend LC 90-32	59	IRC SECTION 59, STATE MODIFICATIONS (TC) Makes more specific a reference to IRC Section 59(e)(2). Operative September 26, 1990. (SB 1925, Ch. 90-1349)

Corporation Income Tax - Suspensions

23571 Repeal/New LC 90-10	----	SUSPENSION OF DOMESTIC TAXPAYER'S CORPORATE POWERS FOR NONPAYMENT OF TAX (SC) Section was repealed and reenacted to clarify that corporations can only be suspended or forfeited if the corporation has qualified through the Secretary of State. Operative January 1, 1991. (AB 2773, Ch. 90-926)
23572 Amend/ Renumber LC 90-10	----	CERTIFICATE OF SUSPENSION (SC) Renumbers section as Section 23305d. Adds forfeiture and requirement to file returns. Operative January 1, 1991. (AB 2773, Ch. 90-926)

Tax Credits

23601.5 Amend (17052.5)	----	COMMERCIAL SOLAR ENERGY SYSTEM (TC) See summary for PITL Section 17052.5. Operative September 26, 1990. (SB 1925, Ch. 90-1349)
23603 New/Repeal (17052.11) LC 90-23	----	LOW EMISSION MOTOR VEHICLE CREDITS (SC) See summary for PIT Section 17052.11. Operative for income years beginning on or after January 1, 1991, and before January 1, 1995. (SB 2600, Ch. 90-1611)
23605 Amend LC 90-32	----	RIDESHARING TAX CREDIT (SC) Adds reference in subdivision (a) to credit allowed by subdivision (g). Operative for income years beginning on or after January 1, 1990. (SB 1925, Ch. 90-1349)
23608 Amend LC 90-16	----	DONATED AGRICULTURAL PRODUCTS (TC) Makes nonsubstantive technical correction. Operative January 1, 1991. (AB 3582, Ch. 90-766)

<u>BCT SECTION</u>	<u>IRC SECTION</u>	<u>SUMMARY OF CHANGE</u>
23609 Amend (17052.12) LC 90-8	41	CREDIT FOR INCREASING RESEARCH ACTIVITIES (SC) See Summary for PIT Section 17052.12. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
23610.4 New (17057.5) LC 90-3	42	LOW INCOME HOUSING CREDIT (SC) See summary for PIT Section 17057.5. Operative for income years beginning on or after January 1, 1990. (SB 1085, Ch. 90-166)
LC 90-32	42	Substitute the "extended use period" 45 years for the "Compliance period" 30 years. Operative for income years beginning on or after January 1, 1990. (SB 1925 Ch. 90-1349).
23610.5 Amend (17058) LC 90-3	42	LOW INCOME HOUSING CREDIT (SC) See summary for PIT Section 17058. Operative for income years beginning on or after January 1, 1990. (SB 1085 Ch. 90-166)
LC 90-32 Amend	42	Technical amendments to subdivisions (a)(1), (c)(2), (j)(3)(a) and (j)(3)(a)(vi). Chaptered out by, but included in AB 374 (Ch. 90-1485). (SB 1925 Ch. 90-1349)
LC 90-26	42	See summary for PIT Section 17058 (AB 374). Operative for income years beginning on or after January 1, 1990. (AB 374 Ch 90-1485)
23612 Amend (17052.13) LC 90-5	----	SALES AND USE TAX CREDIT ON PURCHASE OF QUALIFIED PROPERTY (SC) See summary for PIT Section 17052.13. Operative for income years beginning on or after January 1, 1991, and ending on or before December 31, 1996. (AB 379, Ch. 90-330)
23612.5 Amend (17052.14) LC 90-19		RECYCLING EQUIPMENT (SC) See summary for PIT Section 17052.14. Operative for income years beginning on or after January 1, 1990. (SB 2894 Ch. 90-1055)
23617.5 Amend (17052.18) LC 90-21 LC 90-32		START-UP EXPENSES OF ESTABLISHING OR CONSTRUCTING A CHILD CARE FACILITY. (TC) Restores language inadvertently omitted by AB 802 (Ch. 89-1352). Operative Septmeber 26, 1990. (SB 2208 Ch. 90-1347) (SB 1925, Ch. 90-1349)

<u>BCT</u> <u>SECTION</u>	<u>IRC</u> <u>SECTION</u>	<u>SUMMARY OF CHANGE</u>
23622 (17053.8)	----	CREDIT FOR WAGES PAID TO DISADVANTAGED EMPLOYEES IN AN ENTERPRISE ZONE (SC)
23623 Amend (17053.11)	----	CREDIT FOR HIRING OF UNEMPLOYED RESIDENT OF HIGH DENSITY UNEMPLOYMENT AREA (SC) See summary for PIT Sections 17053.8. and 17053.11. Operative for income years beginning on or after January 1, 1990. (AB 379 Ch.90-330)
LC 90-5		
23624 New (17053.6)	----	CREDIT FOR WAGES PAID TO PRISONERS (SC) See summary for PIT Section 17053.6. Operative for income years beginning on or after January 1, 1990. (Added by initiative measure 139, approved by the electors, November 6, 1990.)
LC: 90-34		
23634 Repeal	----	CONSORTIUM OF SIGNIFICANT SEMICONDUCTOR AND ELECTRONICS COMPANIES (SC) Repeals inoperative provisions allowing a sales and use tax credit to a certified "Dram" corporation. Operative for income years beginning on of after January 1, 1990. (AB 1498 Ch. 90-49)
LC 90-2		

Exempt Corporations

23701v Amend	----	MOBILE HOME PARKS, TENANTS ORGANIZATION (SC) Revises the exemption to apply to an organization of tenant owners of manufactured homes or mobilehomes, who convert the mobilehome park to condominium, stock cooperative, or resident ownership interest. Operative for income years beginning on or after January 1, 1990. (SB 2007 Ch. 90-1270)
LC: None		
23732 Amend	512	UNRELATED BUSINESS TAXABLE INCOME (SC) Deletes reference to Public Law 99-514 to conform to changes made by the Revenue Reconciliation Act of 1989 (PL 101.239), relating to publicly traded partnerships. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
LC 90-8		
23735 Amend	514	UNRELATED DEBT-FINANCED INCOME (SC) Modifies subdivision (b) providing that certain income from debt-financed real property is allocable to exempt partners as income subject to the tax on unrelated business income. This provision applies to property acquired by the partnership after October 13, 1987, and to partnership interests acquired
LC 90-8		

after October 13, 1987. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

Tax Treatment of S Corporations and Their Shareholders

23801 Amend LC 90-24	1362	ELECTION; VALID FEDERAL ELECTION REQUIRED (SC) Closes loop hole allowing out-of-state "S" corporations to delay election of California "C" corporation status. Operative for income years beginning on or after January 1, 1991. (SB 2252, Ch. 90-1348)
23802 Amend LC 90-8	1363	EFFECT OF ELECTION ON S CORPORATION (SC) Conforms to the provisions of Section 10227 of P.L. 100-203 and Section 2004 of P.L. 100-647, relating to the recapture of a portion of the inventory value (LIFO over FIFO) when a corporation elects to be treated as an "S corporation"; with the modification that Section 25901a shall be substituted for the reference to IRC Section 6601. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

Gross Income

24274 Repeal (17094) LC 90-8	81	INCREASE IN VACATION PAY SUSPENSE ACCOUNT (SC) This Section, as added by AB 802 (Ch. 90-1352), is repealed to conform with federal law. (Also see section 24685.) Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
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Deductions

24323 New (17138) LC 90-9	----	REBATE EXCLUSION FOR WATER CONSERVING CLOSETS (SC) Excludes from gross income amounts received as rebates on the purchase and installation of specified water conserving water closets. Operative for income years beginning on or after January 1, 1990. (SB 1520, Ch. 90-809)
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Net Income

24343.5 Amend (17149) LC 90-8	-----	RIDESHARING BENEFITS (SC) Amended to delete references to "third party" vanpools and to add carpools and free or subsidized parking as excludable benefits. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
24344 Amend LC 90-8	163	INTEREST (SC) Limits deduction for interest paid to foreign persons. Operative for amounts paid or incurred in income years beginning on or after July 11, 1989. (AB 274, Ch. 90-452)
24344.5 Amend (17224) LC 90-8	163(e)(5)	ORIGINAL ISSUE DISCOUNT BONDS (SC) Treats certain high yield OID obligations (Junk Bonds) as preferred stock. Operative for obligations issued after July 10, 1989. (AB 274, Ch. 90-452)
24347.5 Amend LC 90-16	165	DISASTER RELIEF (TC) Removes language inconsistencies to conform to PIT Section 17207. Operative January 1, 1991. (AB 3582, Ch. 90-766)
24356.2 Amend LC 90-32	179	DEDUCTION FOR SECTION 24356.2 PROPERTY (TC) Corrects cross references to the IRC, and reinstates language chaptered out by AB 1843, (Ch. 89-1985). Operative September 26, 1990. (SB 1925, Ch. 90-1349)
24357.7 Amend LC 90-32	170(h) (4)9B)	CONSERVATION CONTRIBUTIONS (TC) Subdivision (d)(2) is amended to correct reference to IRC Section (48)(g)(3)(B). Operative September 26, 1990. (SB 1925, Ch. 90-1349)
24357.8 Amend LC 90-25	170(e)	CHARITABLE CONTRIBUTIONS OF TECHNOLOGICAL EQUIPMENT TO SCHOOLS (SC) Extends deduction to December 31, 1993 (was December 31, 1990). Operative for income years beginning on or after January 1, 1990, and ending on or before December 31, 1993. (AB 2564, Ch. 90-1618)
24358 Amend LC 90-32	170(b)	CONTRIBUTION LIMITATIONS (SC) Includes separately taxed income in base for limiting contribution deductions. Operative for income years beginning on or after January 1, 1990. (SB 1925, Ch. 90-1349)

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24365 Repeal/ New LC 90-8	174(a)	RESEARCH AND EXPERIMENTAL EXPENDITURES (SC) Repeals Section 24365 and incorporates IRC Section 174 in new Section 24365. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
24366 Repeal LC 90-8	174(b)	AMORTIZATION OF CERTAIN RESEARCH AND EXPERIMENTAL EXPENDITURES (SC) Section repealed. Provisions included in new Section 24365. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
24367 Repeal LC 90-8	174(c)	LAND AND OTHER PROPERTY (SC) Section repealed. Provisions included in new Section 24365. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
24368 Repeal LC 90-8	174(d)	EXPLORATION EXPENDITURES (SC) Section repealed. Provisions included in new Section 24365. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
24368.1 Repeal/ New (17250) LC 90-8	167(r)	TRADEMARK AND TRADE NAME EXPENDITURES (SC) Limits deduction on depreciation and amortization of property acquired after July 27, 1989 by a related person. Operative for interest created or acquired after July 27, 1989. (AB 274, Ch. 90-452)
24390 Repeal (17277) LC: none	----	CONSORTIUM OF SIGNIFICANT SEMICONDUCTOR AND ELECTRONICS COMPANIES MAKING PAYMENTS ON DEBT (SC) See summary for PIT Section 17277. Operative April 13, 1990. (AB 1498, Ch. 90-49)
24402 Amend LC 90-8	243- 247	DIVIDENDS INCLUDED IN THE MEASURE OF TAX (SC) Limits the amount of the deduction for dividends received, which were paid out of income (including AMTI) subject to tax under the B&CTL, by establishing a three-tier structure, depending on the taxpayer's percentage of ownership in the paying corporation, as follows: <ul style="list-style-type: none"> - A 100% deduction if the recipient owned more than 50% of the stock. - An 80% deduction if the recipient owned 20% to 50% of the stock.

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- A 70% deduction if the recipient owned less than 20% of the stock.

Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

24413.2	858	REAL ESTATE INVESTMENT TRUSTS-DIVIDENDS PAID AFTER INCOME YEAR (SC)
24413.3 Repeal	859	ANNUAL ACCOUNTING PERIOD (SC) Sections repealed as they became obsolete when Section 24413 was amended by AB 802 (Ch. 89-1352) to incorporate provisions of IRC Sections 858 and 859. Operative for income years beginning on or after January 1, 1990. (SB 1925, Ch. 90-1349)
LC 90-32		
24416.2 Amend (17276.2)	172	QUALIFIED TAXPAYER DEFINED (SC) See summary for PIT Section 17276.2. Operative for income years beginning on or after January 1, 1991, and ending on or before December 31, 1996. (AB 379, Ch. 90-330)
LC 90-5		

Items Not Deductible

24422 Amend	263	CAPITAL EXPENDITURES (TC) Code maintenance to correct an erroneous cross reference in subdivision (a)(1), (a)(5), and add an inadvertently omitted reference in new subdivision (a)(6). Operative September 26, 1990. (SB 1925, Ch. 90-1349)
LC 90-32		
24422.1 Repeal (24422)	263	CAPITAL EXPENDITURES-EXCEPTION TO SECTION 24422 (SC) Section repealed and included in Section 24422. Operative for income years beginning on or after January 1, 1990. (SB 1925, Ch. 90-1349)
LC 90-32		
24422.3 Amend (17279)	263A	CAPITALIZATION AND INCLUSION IN INVENTORY COSTS OF CERTAIN EXPENSES (SC) Conforms to federal provisions relating to the proration of pension expenses that represent past services costs. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
LC 90-8		
24424 Amend	264	CERTAIN AMOUNTS PAID IN CONNECTION WITH INSURANCE CONTRACTS (TC) Makes nonsubstantive technical changes to subdivision (c). Operative September 26, 1990. (SB 1925, Ch. 90-1349)
LC 90-32		

Corporate Distributions and Adjustments

- 24457
Amend
LC 90-8
- 304(b) **REDEMPTION THROUGH USE OF RELATED CORPORATIONS** (SC) Conforms to the provisions of IRC Section 304, by repealing subdivision (c), eliminating the state exception to federal law. Operative for income years beginning on or after January 1, 1990 with respect to dispositions and transfers after December 15, 1987. (AB 274, Ch. 90-452)
- 24466
Amend
LC 90-32
- 306(e) **"SECTION 24464 STOCK" DEFINED** (TC) Replaces references to Section 24457 with IRC Section 304(c). Operative September 26, 1990. (SB 1925, Ch. 90-1349)

Corporate Organizations and Reorganizations

- 24521
Amend
LC 90-8
- 351 **TRANSFER TO CORPORATION CONTROLLED BY TRANSFEROR** (SC) Deletes reference to securities and conforms to the provisions of IRC Section 351, relating to recognition of gain on appreciated property in exchange for certain securities. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
- 24533
Amend
LC 90-8
- 355(b) **REQUIREMENTS AS TO ACTIVE BUSINESS** (SC) Conforms, in subdivision (b)(4), to the changes to IRC Section 355(b)(2)(D), relating to requirements as to active business, made by Section 10223 of P.L. 100-203; and states, for the purpose of subdivision (b)(4)(B), that all distribute corporations which are members of a controlled group (within the meaning of Section 24564) shall be treated as one distribute corporation. Adds new subdivision (c) providing that IRC Section 311 (as incorporated by Section 24481) shall apply to any distribution that meets specified criteria. Adds new subdivision (d), providing that these amendments shall not apply to distributions or transfers after December 15, 1987, and before January 1, 1993, under specified conditions. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

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24562 **368(a)** **DEFINITIONS RELATING TO CORPORATE REORGANIZATIONS**
Amend (TC) Amended to reflect the technical changes to
LC 90-8 IRC 368, made by P.L. 101-73. This amendment does
 not conform to the substantive federal changes of
 P.L. 101-73. Operative for income years beginning
 on or after January 1, 1990. (AB 274, Ch. 90-452)

24564 **368(c)** **"CONTROL" DEFINED** (TC) Paragraph (b)(1) is
Amend amended to replace reference to section 24457 with
LC 90-32 IRC section 304. Operative September 26, 1990.
 (SB 1925, Ch. 90-1349)

Miscellaneous Corporate Provisions

Stock as Indebtedness

24580 **385(a)** **TREATMENT OF CERTAIN INTERESTS IN CORPORATIONS**
Amend (SC) Conforms to the provisions of IRC 385(a)
LC 90-8 regarding the recharacterization of corporate
 instruments of debt and equity. Operative for
 income years beginning on or after January 1, 1990.
 (AB 274, Ch. 90-452)

Carryovers

24592 **382** **SPECIAL LIMITATIONS ON NOL'S** (SC) Conforms to the
Amend provisions of IRC Section 382 to reflect the
LC 90-8 changes made by P.L. 101-73. Subdivision (d)(2) is
 added to specify that the federal changes relating
 to insolvent financial institutions are not
 applicable for state purposes. Subdivision (f) is
 added to conform to the federal effective date
 relating to limitation on built-in losses.
 Operative for acquisitions after October 2, 1989.
 Subdivision (g) is added to conform to the federal
 effective date of special rules relating to net
 operating losses. Operative for acquisitions after
 July 12, 1989. (AB 274, Ch. 90-452)

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Pension Plan

24601 **404** **APPLICABLE IRC PROVISIONS (SC)** Incorporates, by
Amend **404A** reference, the provisions of IRC Sections 404,
 406 404A, 406, 407, 419, and 419A, relating to deferred
LC 90-8 **407** compensation. Operative for income years beginning
 419 on or after January 1, 1990. (AB 274, Ch. 90-452)
 419A

Accounting Periods and Methods of Accounting

24634 **443(a)** **SHORT PERIOD RETURNS (TC)** See summary for PIT
Amend section 17552. Operative September 26, 1990. (SB
(17552) 2252, Ch. 90-1348)

24637 **444(c)(1)** **ACCOUNTING PERIODS-CONFORMITY TO IRC (TC)** See
Amend summary for PIT Section 17551. Operative
(17551) September 26, 1990. (Sb 1925, Ch. 90-1349)
LC 90-32

24652 **447** **ACCOUNTING METHOD FOR CORPORATIONS ENGAGED IN**
Amend **FARMING (SC)** Repeals subdivision (b), thus
LC 90-8 conforming to the provisions of Section 10205 of
 P.L. 100-203, requiring large family farming
 corporations (gross receipts in excess of \$25
 million) to use the accrual method of accounting.
 The accounting adjustment (income) resulting from
 this change is allowed to be placed into a suspense
 account and is included in gross income only when
 there is a reduction in gross receipts from the
 trade or business of farming. If the corporation
 ceases to be a family corporation, the remaining
 balance in the suspense account is required to be
 included in gross income at that time. Operative
 for income years beginning on or after January 1,
 1990. (AB 274, Ch. 90-452)

24667 **453** **INSTALLMENT SALES METHOD (SC)** See summary for PIT
Amend **453A** Section 17560, substituting "subdivision (e) for
(17560) **453B** "subdivision (d)", "subdivision (f)" for
LC 90-8 **453C** subdivision (e)", and "Section 23151, 23186,
 or 23802, whichever applies" for "Section 17041 or
 17048." Operative for income years beginning on or
 after January 1, 1990. (AB 274, Ch. 90-452)

24673.2 **460** **LONG-TERM CONTRACTS (SC)** See summary for PIT
Amend Section 17564, substituting "income year" for
(17564) "taxable year". Operative for income years

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beginning on or after January 1, 1990. (AB 272, Ch. 90-452)

LC 90-8

24681 **461** **GENERAL RULE FOR INCOME YEAR OF DEDUCTION (SC)**
Amend Deletes subdivision (b), added by AB 802 (Stats. 1989, Ch. 1352), providing that the amendments to IRC Section 461 made by Section 10201 of P.L. 100-203, relating to accrual of vacation pay, shall not apply. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

LC 90-8

24685 **463** **ACCRUAL OF VACATION PAY - REPEAL (SC)** See summary for PIT Section 17563, substitution "Section 24685" for "Section 17563, and "income year" for "taxable year". Operative for income years beginning on or after January 1, 1990 (AB 274, Ch. 90-452)

Repeal/
New
(17563)

LC 90-8

24692 **469(k)** **PASSIVE ACTIVITY LOSSES (SC)** Adds subdivision (f) to specify that technical admendments to IRC Section 469(k), relating to publicly traded partnerships, shall apply. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

Amend
(17561)

LC 90-8

24693 **468B** **DESIGNATED SETTLEMENT FUNDS (SC)** See summary for PIT section 17570. Futher specifies that the California Tax is an "income tax" rather than a "franchise tax", similar to the treatment of nuclear decommissioning funds. Operative for income years beginning on or after January 1, 1990. (SB 2252, Ch. 90-1348)

New
(17570)

LC 90-24

Real Estate Mortgage Investment Conduits

24870 **860A** **REAL ESTATE MORTGAGE INVESTMENT CONDUIT (SC)**
Amend Deletes reference in subdivision (b)(4) to Public Law 99-514 to clarify full conformity to IRC Sections 860A through 860G. Operative for income years beginning on or after January 1, 1990. (SB 1925, Ch. 90-1349)

LC 90-32

24872 **860A** **REAL ESTATE MORTGAGE INVESTMENT CONDUIT-MINIMUM TAX (TC)** Deletes reference to Section 23151 which no longer refers to the minimum tax. Operative January 1, 1990 (SB 1925, Ch. 90-1379)

Amend

LC 90-32

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Gain or Loss on Disposition of Property

24941 Repeal/ New LC 90-8	1031	EXCHANGE OF PROPERTY (SC) Repeals and adds a new section conforming to the provisions of IRC Section 1031, relating to limitation on the nonrecognition of gain on certain like-kind exchanges. Operative for income years beginning on or after January 1, 1990 with respect to property transferred after July 10, 1989. (AB 274, Ch. 90-452)
24950 Repeal/ New LC 90-8	1035	CERTAIN EXCHANGES OF INSURANCE POLICIES (SC) Repeals and adds a new section conforming to the provisions of IRC Section 1035, relating to exchanges of insurance policies. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
24951 Repeal/ New LC 90-8	1036	STOCK FOR STOCK OF SAME CORPORATION (SC) Repeals and adds new section conforming to the provisions of IRC Section 1036, relating to stock for stock exchanges. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
24953.5 Amend (18035.5) LC 90-32	1039	GAIN ON SALE OF QUALIFIED HOUSING PROJECT (TC) Correction to phrasing error in subdivision (d) changing "capital gains tax" to "the tax that would have been imposed upon the capital gain." Operative Septmeber 26, 1990. (SB 1925, Ch. 90-1349).
24955 New (18041.5) LC 90-27	----	NONRECOGNITION OF GAIN ON SALE OF LOW-INCOME HOUSING (SC) See summary for PIT Section 18041.5. Operative for income years beginning on or after January 1, 1990. (SB 1286, Ch. 90-1436).
24966 Amend LC 90-32	1059	SHAREHOLDER'S BASIS IN STOCK (TC) Clerical correction to subdivision (c). Operative September 26, 1990. (SB 1925, Ch. 90-1349)
24990.5 Amend LC 90-8	1211 1212	LIMITATIONS ON CAPITAL LOSSES (SC) Deletes old subdivisions (b)and (c), relating to nonapplicability of federal limitation on capital losses; and adds new subdivision (b) limiting capital losses to the extent of capital gains, and allowing the excess capital losses to be carried forward for five years. No losses are allowed to

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be carried back to prior years. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)

24990.7 New	1248	GAIN ON SALES OR EXCHANGES OF CERTAIN FOREIGN CORPORATIONS (SC) Provides that the provisions of IRC Section 1248, relating to gain from certain sales or exchanges of stock in certain foreign corporations, is not applicable. Operative for income years beginning on or after January 1, 1990. (SB 2252, Ch. 90-1348) (SB 1925, Ch. 90-1349)
LC 90-24 LC 90-32		
24993 Amend (18180)	7872	LOANS WITH BELOW MARKET INTEREST RATES-CAPITAL GAINS AND LOSSES (SC) See summary for PIT Section 18180. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
LC 90-8		

Allocation of Income

25107 Amend (23044)	----	INTERNATIONAL BANKING FACILITY (SC) Makes this section permanent by repealing the January 1, 1991 sunset date. Operative for income years beginning on or after January 1, 1990. (SB 1869, Ch. 90-813)
LC 90-18		

25111 Amend	----	WATER'S EDGE ELECTION FEE REFUNDS (SC) Makes technical changes to allow an election to be effective in circumstances where a taxpayer was not part of a unitary business and did not elect water's edge treatment. Provides for the refund, with interest, of water's edge election fee, if the election fee requirement, or the worldwide combination is found to be unconstitutional. Operative for audits of income years beginning on or after January 1, 1988. (SB 2177, Ch. 90-601)
LC 90-17		

Returns and Payments

25401c Amend (18802.2)	6041A	INFORMATION RETURNS-PAYMENT FOR SERVICES (SC) See summary for PIT Section 18802.2. Operative September 26, 1990. (SB 1925, Ch. 90-1349)
LC 90-32		

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25555 6311 **REMITTANCES (SC)** See summary for PIT
Amend Section 18554. Operative for payments on or
(18554) after January 1, 1990, and before January 1, 1993.
LC 90-4 (AB 3583, Ch. 90-409)

Interest, Additions to tax and Penal Provisions

25901c 6601(e) **INTEREST ON PENALTIES (SC)** See summary for PITL
Amend Section 18689. Operative for income years
(18689) beginning on or after January 1, 1990. (AB-274,
LC 90-8 Ch. 90-452)

LC 90-24 Deletes reference to repealed Sections 25934 and
25934.4. Adds reference to new Section 25935.
Effective September 26, 1990. (SB 2252, Ch.
90-1348)

25931 6651(f) **FAILURE TO FILE RETURN (SC)** Conforms to the new
Amend federal penalty for fraudulent failure to file.
(18681) Operative for income years beginning on or after
LC 90-8 January 1, 1990. (AB 274, Ch. 90-452)

25934 6653 **UNDERPAYMENT OF LIABILITY DUE TO NEGLIGENCE OR**
Repeal **FRAUD (SC)** Section is repealed to conform with
(18684) repeal of former IRC Section 6653, See Section
LC 90-8 25935, below. Operative for income years beginning
on or after January 1, 1990. (AB 274, Ch. 90-452)

25934.4 6661 **SUBSTANTIAL UNDERSTATEMENT OF LIABILITY (SC)**
Repeal Section is repealed to conform with repeal of
(18684.4) former IRC Section 6653, See Section 25935, below.
LC 90-8 Operative for income years beginning on or after
January 1, 1990. (AB 274, Ch. 90-452)

25935 6662- **ACCURACY RELATED PENALTY (SC)** See summary for
New 6665 PIT Section 18685. Operative for income years
(18685) beginning on or after January 1, 1990. (AB 274,
LC 90-8 Ch. 90-452)

25937 6657 **PENALTY FOR BAD CHECKS (SC)** See summary for PITL
New Section 18689.5. Operative for income years
(18689.5) beginning on or after January 1, 1990. (AB 3086,
LC 90-12 Ch. 90-846)

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- 25940**
New
LC 90-8
- 6038A**
- FAILURE TO FURNISH INFORMATION-FOREIGN OWNED CORPORATIONS (SC)** Conforms to the provisions of IRC Section 6038A, relating to information reporting requirements of foreign persons holding 25 percent or more of voting stock. Operative for income years beginning on or after January 1, 1990. (AB 274, Ch. 90-452)
- 25940**
New
LC 90-33
-
- FAILURE TO FILE PENALTY FOR SUSPENDED OR NONQUALIFIED CORPORATIONS (SC)** Provides for a \$2,000 penalty for any suspended or nonqualified corporation doing business in California and failing to file a franchise tax return. Operative for income years beginning on or after January 1, 1991. (AB 3352, Ch. 90-1513) Note: Section numbering is in conflict with Section 25940 added by AB 274, Ch. 90-452. Technical correction to renumber this section is pending.

Collection of Tax

- 26131**
Amend/
Repeal/
New
(18805)
LC 90-7
- 1445**
- WITHHOLDING OF TAX AT SOURCE (SC)** See summary for PIT Sections 18805. substituting "Subdivision (e)" for subdivision (d)". Operative January 1, 1991. (SB 2319, Ch. 90-464)
- 26135**
New
(18802.6)
LC 90-30
- 6050I**
- COPIES OF FEDERAL INFORMATION RETURNS REQUIRED (SC)** See summary for PIT Section 18802.6. Operative January 1, 1991 (SB 2735, Ch. 90-1484)
- 26350**
New
(18861-
18863)
LC 90-24
-
- JUDGEMENT FOR TAX (SC)** See summary for PIT Sections 18861-18863. Operative September 26, 1990. (SB 2252, Ch. 90-1348)

Administrative Provisions

- 26423**
Amend
(19254)
LC 90-24
-
- POWER OF EXAMINATION (SC)** See summary for PIT Section 19254. Operative September 26, 1990 (SB 2252, Ch. 90-1348)

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26453 Amend (19283) LC 90-24	----	JUDICIAL ORDER, RETURN INFORMATION DISCLOSED PURSUANT TO (SC) See summary for PIT Section 19283. Operative September 26, 1990. (SB 2252, Ch. 90-1348)
26453.2 Amend (19285) LC 90-24	----	ATTORNEY GENERAL MAY HAVE INFORMATION TO PROSECUTE OR DEFEND ACTIONS (TC) Eliminates misinterpretation as to who is entitled to receive tax information. Operative September 26, 1990. (SB 2252, Ch. 90-1348)
26453.5 Amend (19285.5) LC 90-24	----	DEFINITIONS RELATING TO SECTIONS 26453 AND 26453.2 See summary for PIT Section 19285.5, substituting "Sections 26453 and 26453.2" for "Sections 19283 and 19235". Operative September 26, 1990. (SB 2252, Ch. 90-1348)

BUSINESS AND PROFESSIONS CODE

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SUMMARY OF CHANGE

- 7019.5 CONTRACTORS FEASIBILITY STUDY (SC) Requires the (New)
Contractor's State License Board to contract for a
feasibility study relating to the development of a system
LC 90-29 for joint enforcement actions with respect to contractors
by the Contractor's State Licensing Board, the Department
of Industrial Relations, the Employment Development
Department, and the Franchise Tax Board. Operative January
1, 1991. (AB 2282, Ch. 90-1386)
- 7145.5 CONTRACTORS REFUSAL OR SUSPENSION OF LICENSE (SC)
(New) Authorizes the registrar of the Contractors State License
Board to refuse or suspend a license for the failure of a
LC 90-29 license to resolve all outstanding final liabilities
assessed by the Contractors' State License Board, the
Department of Industrial Relations, the Employment
Development Department or the Franchise Tax Board, if the
matter is not resolved by the licensee within 60 days,
after receiving a preliminary notice mailed by the
registrar. Operative January 1, 1991. (AB 2282, Ch.
90-1386)

CORPORATION CODE

CC
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SUMMARY OF CHANGE

- 1108 CORPORATIONS: MERGERS (SC) Requires a certificate of the
(Amend) Franchise Tax Board that all taxes imposed by the BCTL have
LC: None been paid or secured, when a short-form merger of 90% or
more owned subsidiary into a parent. Operative January 1,
1991. (AB 2906, Ch. 90-567)
- 2203 FOREIGN CORPORATIONS: QUALIFICATION TO DO BUSINESS (SC)
(Amend) Specifies that the amount of penalty assessed on a
LC 90-10 business, for not holding a valid certificate to transact
intrastate business, shall be determined by a court, as
specified. Operative January 1, 1991, Ch. 90-926)

GOVERNMENT CODE

GC
SECTION

SUMMARY OF CHANGE

- 7073
Amend
LC: None
DESIGNATION OF ENTERPRISE ZONES; APPLICATION, CRITERION, TECHNICAL DEFICIENCIES (SC) Adds employment and economic incentive program areas to enterprise zones that may be expanded. Operative April 13, 1990. (AB 1498, Ch. 90-69)
- 7078
Amend
LC: 90-5
ENTERPRISE ZONES - REPORTS ON EFFECT OF (SC) Requires the Franchise Tax Board to make available to the Department of Commerce and the Legislature annual information on dollar value of enterprise zone tax credits that are claimed by businesses. Operative January 1, 1991. (AB 379, Ch. 90-330)
- 7595
New
LC: None
STATE AGENCIES - PUBLIC SERVICE (SC) Requires that state agencies, with specific exception, must provide public service during lunch hours (11:30am-1:30pm) Operative January 1, 1991. (AB 3167, Ch. 90-1506)
- 14627
Amend
LC: None
STATE AGENCIES- TOLL FREE LEASE LINES (SC) Requires toll lease lines of state agencies to be accessible by both touch and rotary dial phones. Operative January 1, 1991. (AB 2886, Ch. 90-393)
- 15626
New
LC: None
BOARD OF EQUALIZATION: MEMBERS: CONFLICT OF INTEREST (SC) Requires, prior to rendering any decision in any adjudicatory proceeding pending before the BOE, each member who received contributions within the preceding 12 months totaling \$250 or more from a party or his or her agent, or from any participating or his or her agent, to disclose that fact on the record of the proceeding. Prohibits a member from making, participant in making, or in any way attempting to use his or her official position to influence the decision in any adjudicatory proceeding pending before the BOE if the member has willfully or knowingly received contributions totaling \$250 or more within the preceding 12 months from a party or his agent, or from any participant or his or her agent. Requires a party to, or a participant in, an adjudicatory proceeding pending before the BOE to disclose on the record of the proceeding any contributions totaling \$250 or more made within the preceding 12 months by the party or participant, or his or her agent, to any member of the board. Operative January 1, 1991. (SB 1738), Ch. 90-84)

15702

Amend

LC: None

FRANCHISE TAX BOARD - EXERCISE OF POWERS AND PERFORMANCE OF DUTIES BY OFFICERS OR EMPLOYEES (SC). Provides that if any person requests in writing that a specified proposed regulation be considered by the Franchise Tax Board itself, then any authority delegated to any officer or employee of the board to adopt the regulation is rescinded, and the Franchise Tax Board itself would consider the adoption of the regulation. Operative January 1, 1991, (SB 1898, Ch. 90-987)

INSURANCE CODE

IC
SECTION

SUMMARY OF CHANGE

10113.1 LIVING BENEFITS CONTRACT (SC) Defines the meaning of and
New provisions for a "living benefits contract". Operative
(RT17131.5) January 1, 1991. (AB 2663, Ch. 90-1387)
LC 90-31

10113.2 LIVING BENEFITS CONTRACT (SC) Clarifies that no person may
New enter into or solicit a "living benefits contract" unless
LC 90-31 licensed by the Insurance Commissioner. Operative January
1, 1991. (AB 2663, Ch. 90-1387)

UNEMPLOYMENT INSURANCE CODE

UI
SECTION

SUMMARY OF CHANGE

621.5 CONTRACTORS - EMPLOYEES DEFINED (SC) Expands the
Amend definition of employee to include individuals who are
employees of persons who are required to obtain a valid
state contractor's license, thereby extending the duty to
LC: None withhold unemployment insurance and disability insurance
from wages for those who are required to obtain a
contractors' license as well as those who already hold a
valid contractor's license. Operative January 1, 1991. (AB
2667, Ch. 90-719)

13052.5 UNREPORTED COMPENSATION, PENALTY (SC) Increases the
(Amend) penalty on employers who deliberately and fraudulently
(RT18681.6) underpay payroll taxes from 25% to 50%. In addition,
LC: None allows for interest to be charged on the penalty as well as
the underpayment and allows for this penalty to be imposed
in addition to the penalty for furnishing a false or
fraudulent withholding statement to employees. Operative
January 1, 1991, Ch. 90-719)

LC: 90-16 Clarifies that the penalty imposed under Unemployment
Insurance Code Section 13052.5 supersedes the similar
penalty established by Revenue and Taxation Code Section
18681.6, if both are proposed to be imposed. Operative
January 1, 1991. (AB 3582, Ch. 90-766)

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Election to expense depreciable business assets	10	17252.5	SB 2252
	31	24356.2	SB 2252
Wages paid to disadvantage employees	4	17053.8	AB 379

