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02/16/19 12:18 PM
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An act to add Sections 17201.2 and 24343.1 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 17201.2 is added to the Revenue and Taxation Code, to read:

17201.2. (a) The amendments made by Section 13531(a) of the Tax Cuts and Jobs Act (Public Law 115-97) to add Section 162(r) to the Internal Revenue Code, relating to the disallowance of FDIC premiums paid by certain large financial institutions, shall apply, except as otherwise provided.

(b) For purposes of this section, Article 9 (commencing with Section 23361) of Chapter 2 of Part 11 shall not apply.

SEC. 2. Section 24343.1 is added to the Revenue and Taxation Code, to read:

24343.1. (a) The amendments made by Section 13531(a) of the Tax Cuts and Jobs Act (Public Law 115-97) to add Section 162(r) to the Internal Revenue Code, relating to the disallowance of FDIC premiums paid by certain large financial institutions, shall apply, except as otherwise provided.

(b) For purposes of this section, Article 9 (commencing with Section 23361) of Chapter 2 of Part 11 shall not apply.

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



LEGISLATIVE COUNSEL'S DIGEST

Bill No.
as introduced, _____.
General Subject: Income taxes: deduction: FDIC premiums.

The Personal Income Tax Law and the Corporation Tax Law, in modified conformity with federal income tax laws, allow various deductions from gross income in computing adjusted gross income under those laws, including a deduction, as trade or business expense, of the premiums paid pursuant to an assessment by the Federal Deposit Insurance Corporation.

This bill would conform to federal income tax law, as amended by the Tax Cuts and Jobs Act, by disallowing or limiting the amount specified taxpayers may deduct for these premiums depending on the amount of total consolidated assets, as defined, of the taxpayer.

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

This bill would take effect immediately as a tax levy.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

