

## Assembly Bill No. 11

### CHAPTER 401

An act to add Section 24458 to the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor October 11, 2009. Filed with  
Secretary of State October 11, 2009.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 11, De Leon. Corporate reorganization: built-in losses.

The Corporation Tax Law, in specified conformity to federal income tax laws, imposes certain limitations on the use of built-in losses in conjunction with corporate reorganizations.

This bill would clarify that a specified federal administrative notice relating to those limitations does not apply for purposes of taxes imposed under the Corporation Tax Law, as specified.

This bill would declare that it is to take effect immediately as an urgency statute.

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

SECTION 1. Section 24458 is added to the Revenue and Taxation Code, to read:

24458. Internal Revenue Service Notice 2008-83, 2008-42 I.R.B. 905, issued on October 20, 2008, relating to the treatment of deductions under Section 382(h) of the Internal Revenue Code following an ownership change, shall not be applicable for purposes of taxes imposed under Part 11 (commencing with Section 23001) of Division 2, of this code with respect to any ownership change occurring at any time.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to timely clarify the estimated state tax revenues for purposes of the current budget crisis, it is necessary that this act go into effect immediately.

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