

Alert

California Chamber
of Commerce

P.O. Box 1736
Sacramento, CA 95808

April 27, 1984

Volume 10, No. 16

Important tax bills for business move through Assembly committee

The Assembly Revenue and Taxation Committee approved a number of tax bills important to business taxpayers and investors in the busy legislative week following spring vacation. Also, the Senate Revenue and Taxation Committee approved bills increasing individual retirement account deductions to \$2,000 for those now eligible and conforming to federal depreciation on rental housing.

Assembly Revenue and Taxation sent to the Assembly Ways and Means Committee several tax changes long-sought by small businesses and farms:

- AB 2855 (Areias) generally adopts federal "S corporation" tax filing benefits to closely held corporations allowing the stockholders to elect having the firm taxed as a partnership. To reduce the

revenue loss, eligibility requirements are more stringent than under federal law.

- SB 1278 (Mello) allows farms to carry over net operating losses of up to \$50,000 per year and a cumulative amount of \$250,000.

- AB 3248 (Katz) increases the threshold for remitting sales tax collections to the state on a quarterly rather than a monthly basis from \$17,000 to \$100,000 of taxable sales per month. This means about 68,500 businesses, 78 percent of the sales tax collectors now making prepayments, will have less paperwork to cope with and can earn interest on those funds.

Chamber sponsored

The committee approved three Chamber-sponsored bills:

- AB 2220 (McAlister) allows retailers of home video movies to pay the use tax on movies when they purchase them, rather than collect the sales tax on each rental. This brings that infant industry under the same tax treatment as all other rental businesses.

- AB 2476 (Konnyu) repairs the state's new small business stock tax law to make sure that capital gains on stock of new firms in the start-up phase are exempt from taxation.

- AB 2499 (Allen) conforms California's incentive stock

option law to that of the Internal Revenue Code for stock options granted before 1982 and exercised after 1983. Non-conformity in this area has been a major headache for many firms and thousands of their employees, particularly emerging high-tech firms.

Local finance

Assembly Revenue and Taxation killed three bills dealing with local government finance:

- AB 2899 (Peace) would

have granted a \$200,000 exemption for homes from paying "supplemental property taxes" under last year's "rolling lien date" law.

- AB 3591 (Wyman) would have repealed the supplemental lien date system.

- AB 2469 (Cortese) would have allowed counties to impose an additional one-fourth cent sales tax with a majority vote of the people.

Senate action

Senate Revenue and
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California-Japan Trade Mission



Doing the honors at the ribbon-cutting during the opening ceremonies for the Greater California Exposition are (from left): Shoichi Akazawa, president of the Japan External Trade Organization (JETRO); Kirk West, secretary of the California Business, Transportation and Housing Agency; Shinji Sato, parliamentary vice-minister of the Ministry of International Trade and Industry (MITI); William Clark, Jr., minister-counselor, American Embassy, Tokyo. Master of ceremonies for the opening celebration was Christy Campbell (in back), director of the California Department of Economic and Business Development. See Page 7 for more photos and story.

The California Chamber of Commerce Alert (USPS 981900) is published weekly by the California Chamber of Commerce, 1027 10th Street, Sacramento, CA 95814. Subscriptions are \$35 per year. 2nd class postage paid at Sacramento, CA. Postmaster: Send address changes to the California Chamber of Commerce Alert, P.O. Box 1736, Sacramento, CA 95808. Publisher: John T. Hay. Editor: Ann Amioka. Associate: Jan Hughes.

California-Japan Trade Mission is a success

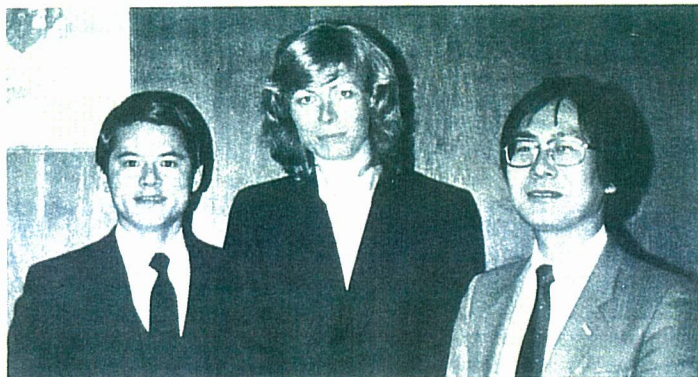
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The California Chamber was a co-sponsoring organization for the recent successful California-Japan Trade Mission. The mission included 47 California companies, cities and associations and nearly 30 Japanese agents who displayed the California products they represent.

The March 27-April 4 mission included an exposition of California products and services that drew nearly 35,000 Japanese consumers. The exposition was supported by pre-arranged meetings between California sellers and Japanese trading companies, wholesale and import agents.

Sponsoring the mission were the California Department of Economic and Business Development, the California State World Trade Commission, the Government of Japan's Manufactured Imports Promotion Organization, Japan's Ministry of International Trade and Industry, the Japan External Trade Organization, and the U.S. Embassy in Japan. The trade delegation was led by Kirk West, secretary of Business, Transportation and Housing; Christy M. Campbell, director of the Department of Economic and Business Development; and Gregory Mignano, executive director of the California State World Trade Commission.

In addition to attending the exposition, the delegation, including Susanne Hutchinson, director of the California Chamber's International Trade Department, met with government, trade and business leaders to expand economic contacts between



The California-Japan Trade Mission provided an opportunity for a meeting between (from left): Masami Tashiro, KEIDANREN, Federation of Economic Organizations; Susanne Hutchinson of the California Chamber; and Masakazu Kubota of KEIDANREN.



From left: Atsushi Suzuki, Japan External Trade Organization (JETRO); Susanne Hutchinson, California Chamber; and Muneo Takashi, JETRO, at the California booth at the Greater California Exposition in Tokyo.

California and Japan.

This was the first time the private and public sectors united to promote California's products, services, tourism attractions and investment opportunities to Japan, the

state's largest international market. California is second only to the entire United States as a trade partner with Japan. In 1982, two-way trade between California and Japan amounted to \$20 billion. In

addition, more than 450 Japanese firms have offices or plants in California, as do eight Japanese-related chartered banks. □ Susanne Hutchinson, International Trade

Workers' comp study committee schedule

The Joint Legislative Study Committee on Workers' Compensation has announced a tentative schedule of hearings to evaluate the California workers' compensation system for adequacy, equity, timeliness and exclusivity and identify areas in which the system is failing to meet those objectives. A report will be available on committee

recommendations in November.

The tentative hearing schedule is as follows: **May 2** — self-insurance, security of benefits; **May 9** — basis of compensation; **May 16** — temporary disability indemnity; **May 23** — permanent disability indemnity; **June 6** — wage-loss option; **July 10** — exclusivity, power press, serious and willful misconduct;

July 12 — benefit delivery, timeliness; **September 5** — vocational rehabilitation; **September 12** — proposed permanent disability changes; **November 8/9** — consideration of preliminary report; **November 15** — consideration of report revisions.