

MEMO# 9757

March 16, 1998

CALIFORNIA 30% TEST REPEALED

1 The 30% test required an investment company seeking to qualify for tax purposes as a regulated investment company to receive less than 30% of its gross income from the sale of securities and other specified assets held for less than three months. [9757] March 16, 1998 TO: BOARD OF GOVERNORS No. 12-98 TAX MEMBERS No. 10-98 CALIFORNIA MEMBERS RE: CALIFORNIA 30% TEST REPEALED

We are pleased to report that California Governor Pete Wilson has signed a bill into law that conforms the California tax laws to the federal repeal of the 30% test,¹ with an effective date that is identical to the federal effective date (i.e., for taxable years beginning after August 5, 1997). The bill is Senate bill 519 (Lockyer) and the two sections of the bill relating to the repeal of the 30% test are attached. We want to thank the many Institute members in California who supported the Institute's efforts to secure this legislation. Anne M. Barr Associate Counsel Attachment

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