

APRIL 9, 2010

**UPDATE REGARDING CALIFORNIA ASSEMBLY BILL 2640:  
PROVISIONS RELATING TO THE REPEAL OF SECTION 1031 AND OF OTHER INCOME  
TAX NONRECOGNITION PROVISIONS FOR CALIFORNIA TAX PURPOSES HAVE BEEN  
AMENDED OUT OF THE BILL**

As introduced by California Assemblyman Juan Arambula on February 19, 2010, Assembly Bill 2640 (“**AB 2640**”) would have repealed many nonrecognition provisions of the Internal Revenue Code, including Section 1031, for California income tax purposes. If enacted, this repeal would have been effective for taxable years beginning on or after January 1, 2010.

On April 8, 2010, the provisions that would have repealed these nonrecognition provisions were amended out of AB 2640.

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