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California bill eases life science taxes

East Bay Business Times

The state Senate Revenue and Tax Committee unanimously approved a bill that will allow biotech companies to extend net operating loss carry forward across a longer period of time.

AB 1370, which had been suspended for nearly a year because of budget issues, allows biotech companies to spread deductions for their net operating losses across 20 years instead of 10 years. It essentially lowers the tax hit these companies incur during the years before they start turning a profit.

The bill, written by Assemblywoman Sally Lieber (D-Mountain View) and sponsored by industry association BayBio, puts Silicon Valley biotech companies on par with competitor regions in Florida, New York and Illinois.

It passed through the state assembly last year before being put on hold.

The bill now goes to the state Senate Appropriations Committee.

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