



1107 9th Street, Suite 625 • Sacramento, CA 95814 • (916) 498-9608 • mail@consumercal.org

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SENATE FLOOR ALERT
SB 66 (Wieckowski) – SUPPORT

The Consumer Federation of California (CFC) supports SB 66 (Wieckowski), which would prohibit claiming punitive damages as a tax deduction.

Punitive damages should not be tax-deductible - the purpose of punitive damages penalties is to penalize and deter egregious violations of the law committed with malice, oppression or fraud. Allowing wrongdoers to deduct punitive damages payments on their taxes undermines the very purpose of punitive damages by making them far less punitive.

The California tax code currently allows businesses to take a tax deduction when a court holds them liable for punitive damages for committing the most egregious violations of the law. SB 66 would eliminate this counterproductive loophole.

Punitive damages are penalties for the most reprehensible violations of our laws that are proven by the highest standard of evidence in civil courts. Tax deductions are intended to reward or incentivize good behavior. A deduction for punitive damages does exactly the opposite – it rewards and subsidizes the worst behavior by the most irresponsible corporate residents.

CFC respectfully urges your “Aye” vote on SB 66.