

AMENDED IN ASSEMBLY MARCH 12, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 321

Introduced by Assembly Member Chávez

February 13, 2015

An act to ~~amend Section 17001 of~~ *add Section 17140.7 to the* Revenue and Taxation Code, relating to taxation, *to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 321, as amended, Chávez. ~~Personal income tax.~~ *Personal income taxes: exclusion: servicemembers.*

The Personal Income Tax Law imposes a tax on individual taxpayers measured by the taxpayer's taxable income for the taxable year, but excludes certain items of income from the computation of tax, including an exclusion for compensation for military or naval service performed by a nonresident while domiciled within the state.

This bill would, for taxable years beginning on or after January 1, 2015, exclude from gross income, income of active duty servicemembers while on active duty in this state, while hospitalized in this state from an injury received during active duty, and for a 12-month period after being honorably discharged while in this state if that income is derived from his or her position as a servicemember.

This bill would take effect immediately as a tax levy.

~~The Personal Income Tax Law imposes taxes on taxable income, as provided.~~

~~This bill would make a nonsubstantive change to the provision that names that law.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 17140.7 is added to the Revenue and*
2 *Taxation Code, to read:*
3 *17140.7. (a) Gross income does not include any income*
4 *received by a servicemember in the United States Armed Forces,*
5 *in the reserve component of the United States Armed Forces, or*
6 *in the National Guard, derived from his or her position as a*
7 *servicemember, while serving his or her active duty in the state.*
8 *(b) Gross income does not include any income received by a*
9 *servicemember separated from the United States Armed Forces,*
10 *the reserve components of the United States Armed Forces, or the*
11 *National Guard, for 12 calendar months from the date he or she*
12 *is honorably discharged, derived from his or her position as a*
13 *servicemember, while located in the state.*
14 *(c) Gross income does not include any income received by a*
15 *service member hospitalized within the state for an injury received*
16 *while on active duty in the United States Armed Forces, in the*
17 *reserve components of the United States Armed Forces, or in the*
18 *National Guard, derived from his or her position as a*
19 *servicemember, during the period of hospitalization.*
20 *(d) The exclusions allowed under this section shall be allowed*
21 *cumulatively.*
22 *SEC. 2. This act provides for a tax levy within the meaning of*
23 *Article IV of the Constitution and shall go into immediate effect.*
24 ~~SECTION 1. Section 17001 of the Revenue and Taxation Code~~
25 ~~is amended to read:~~
26 ~~17001. This part shall be known and may be cited as the~~
27 ~~“Personal Income Tax Law.”~~