

AMENDED IN ASSEMBLY MAY 22, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1275**

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**Introduced by Assembly Member Gray**  
**(Coauthors: Assembly Members Brough and Dababneh)**

February 27, 2015

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An act to add Section 17132.9 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL’S DIGEST

AB 1275, as amended, Gray. Personal income taxes: exclusion: military retirement pay.

The Personal Income Tax Law provides various exclusions from gross income in determining tax liability, including an exclusion for combat-related special compensation and death benefit payments received by a surviving spouse or other beneficiary designated by a military veteran, as prescribed, who dies or is killed in the performance of duty, as provided.

This bill would, for taxable years beginning on or after January 1, 2015, exclude from gross income retirement pay received by a *qualified* taxpayer from the federal government for military service performed in the Armed Forces of the United States, the reserve component of the Armed Forces of the United States, or the National Guard, and survivor benefits received by a *beneficiary of a qualified* taxpayer from the federal government, as specified. *The bill would define “qualified taxpayer” for those purposes as a taxpayer who is a Purple Heart or Medal of Honor recipient.*

This bill would take effect immediately as a tax levy.

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

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

- 1 SECTION 1. Section 17132.9 is added to the Revenue and  
2 Taxation Code, to read:  
3 17132.9. (a) For each taxable year beginning on or after  
4 January 1, 2015, gross income shall not include retirement pay  
5 received by a *qualified* taxpayer from the federal government for  
6 military service performed in the Armed Forces of the United  
7 States, the reserve component of the Armed Forces of the United  
8 States, or the National Guard.  
9 (b) For each taxable year beginning on or after January 1, 2015,  
10 gross income shall not include survivor benefits received by a  
11 *beneficiary of a qualified* taxpayer from the federal government  
12 pursuant to Chapter 73 of Title 10 of the United States Code.  
13 (c) “*Qualified taxpayer*” means a taxpayer who is a Purple  
14 Heart or Medal of Honor recipient.  
15 SEC. 2. This act provides for a tax levy within the meaning  
16 of Article IV of the Constitution and shall go into immediate effect.