

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

## ASSEMBLY BILL

**No. 1791**

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**Introduced by Assembly Member Lopez**

February 4, 2016

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~~An act to amend Section 17010 of the Revenue and Taxation Code, relating to taxation. 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 1791, as amended, Lopez. ~~Personal income taxes. 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, for taxable years beginning on or after January 1, 2016, would exclude from gross income retirement pay received by a 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 taxpayer from the federal government, as specified.*

*This bill would take effect immediately as a tax levy.*

~~The Personal Income Tax Law imposes taxes on income and provides definitions of specified terms for purposes of that law, including a definition for “taxable year.”~~

~~This bill would make a nonsubstantive change to that definition provision.~~

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 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, 2016, gross income shall not include retirement pay*  
5     *received by a taxpayer from the federal government for military*  
6     *service performed in the Armed Forces of the United States, the*  
7     *reserve component of the Armed Forces of the United States, or*  
8     *the National Guard.*

9     (b) *For each taxable year beginning on or after January 1,*  
10    *2016, gross income shall not include survivor benefits received*  
11    *by a taxpayer from the federal government pursuant to Chapter*  
12    *73 of Title 10 of the United States Code.*

13    *SEC. 2. This act provides for a tax levy within the meaning of*  
14    *Article IV of the Constitution and shall go into immediate effect.*

15    ~~SECTION 1. Section 17010 of the Revenue and Taxation Code~~  
16    ~~is amended to read:~~

17    ~~17010. “Taxable year” means either the calendar year or the~~  
18    ~~fiscal year upon the basis of which the taxable income is computed~~  
19    ~~under this part. If no fiscal year has been established, “taxable~~  
20    ~~year” means the calendar year.~~

21    ~~“Taxable year” means, in the case of a return made for a~~  
22    ~~fractional part of a year under this part or under regulations~~  
23    ~~prescribed by the Franchise Tax Board, the period for which the~~  
24    ~~return is made.~~