

AMENDED IN ASSEMBLY MAY 12, 2016

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1791

Introduced by Assembly Member Lopez

February 4, 2016

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: 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~~ *and* after January 1, 2016, *and before January 1, 2019*, 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. *The bill would make these provisions operative on the effective date of any budget measure specifically appropriating funds to the Franchise Tax Board for its costs of administering these provisions.*

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~~ and after
4 January 1, 2016, *and before January 1, 2019*, gross income shall
5 not include retirement pay received by a taxpayer from the federal
6 government for military service performed in the Armed Forces
7 of the United States, the reserve component of the Armed Forces
8 of the United States, or the National Guard.

9 (b) For each taxable year beginning on ~~or~~ and after January 1,
10 2016, *and before January 1, 2019*, gross income shall not include
11 survivor benefits received by a taxpayer from the federal
12 government pursuant to Chapter 73 of Title 10 of the United States
13 Code.

14 (c) *This section shall become operative on the effective date of*
15 *any budget measure specifically appropriating funds to the*
16 *Franchise Tax Board for its costs of administering this section.*

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