

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2472**

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**Introduced by Assembly Member Linder**

February 19, 2016

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An act to ~~amend Section 23400 of the Revenue and Taxation Code, relating to taxation.~~ *add and repeal Section 17059.50 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2472, as amended, Linder. ~~Corporation Tax Law: alternative minimum tax.~~ *Personal income taxes: credits: disabled veterans: service animals.*

*The Personal Income Tax Law allows various credits against the taxes imposed by that law.*

*This bill, for taxable years beginning on or after January 1, 2017, and before January 1, 2022, would allow a credit under the Personal Income Tax Law in an amount equal to 50% of the amounts paid or incurred during the taxable year by a qualified disabled veteran for the ownership and maintenance of a qualified animal, not to exceed \$2,000 for a taxable year.*

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

~~Existing law, the Corporation Tax Law, in modified conformity with federal law, makes a corporation subject to the alternative minimum tax under specified circumstances. Existing law provides that a corporation electing to be treated as an "S corporation" is not subject to the alternative minimum tax.~~

~~This bill would make a nonsubstantive change to that 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. *The Legislature finds and declares all of the*  
2 *following:*

3     (a) *California is home to a large population of war veterans,*  
4 *comprised of service men and women who have honorably served*  
5 *in the line of duty.*

6     (b) *It is not uncommon for veterans, after experiencing the*  
7 *horrors of war, to suffer from physical or mental health challenges,*  
8 *or both.*

9     (c) *Common conditions war veterans are afflicted with include*  
10 *post-traumatic stress disorder, traumatic brain injury, and*  
11 *heightened anxiety.*

12     (d) *Trained animals are often used to assist disabled veterans*  
13 *in their rehabilitation. An animal can greatly contribute to the*  
14 *veteran’s sense of normalcy by providing support and*  
15 *companionship.*

16     (e) *The purpose of Section 17059.50 of the Revenue and*  
17 *Taxation Code, as proposed to be added by this act, is to create*  
18 *an income tax credit for disabled veterans, as determined by a*  
19 *disability rating promulgated by the United States Department of*  
20 *Veterans Affairs, who incur costs associated with ownership of a*  
21 *service dog.*

22     SEC. 2. *Section 17059.50 is added to the Revenue and Taxation*  
23 *Code, to read:*

24     17059.50. (a) *For each taxable year beginning on or after*  
25 *January 1, 2017, and before January 1, 2022, there shall be*  
26 *allowed a credit against the “net tax,” as defined by Section 17039,*  
27 *an amount equal to 50 percent of the qualified costs of a qualified*  
28 *disabled veteran, not to exceed two thousand dollars (\$2,000) for*  
29 *a taxable year.*

30     (b) *For the purposes of this section, the following definitions*  
31 *shall apply:*

32     (1) *“Qualified animal” means a guide dog, signal dog, or*  
33 *service dog as defined in subparagraph (C) of paragraph (6) of*  
34 *subdivision (b) of Section 54.1 of the Civil Code.*

1 (2) “Qualified costs” mean the amounts paid or incurred during  
2 the taxable year by a qualified disabled veteran for the ownership  
3 and maintenance of a qualified animal, including, but not limited  
4 to, the amount paid as local fees for animal licenses; veterinary  
5 care and medical-related expenses, such as vaccinations, annual  
6 check-ups, and drug prescriptions; pet insurance coverage  
7 expenses; expenses for speciality equipment, such as vests, leads,  
8 and harnesses; grooming expenses; and food expenses.

9 (3) “Qualified disabled veteran” means an individual who meets  
10 both of the following conditions:

11 (A) Has served on active duty with the Armed Forces of the  
12 United States and received an honorable discharge for all periods  
13 of active service.

14 (B) Has a service-connected disability as determined by a  
15 disability rating promulgated by the United States Department of  
16 Veterans Affairs and is assisted with that disability by a qualified  
17 animal.

18 (c) In the case where the credit allowed by this section exceeds  
19 the “net tax” the excess may be carried over to reduce the “net  
20 tax,” in the following year, and succeeding years if necessary,  
21 until the credit is exhausted.

22 (d) Section 41 does not apply to the credit allowed by this  
23 section.

24 (e) This section shall remain in effect only until December 1,  
25 2022, and as of that date is repealed.

26 SEC. 3. This act provides for a tax levy within the meaning of  
27 Article IV of the Constitution and shall go into immediate effect.

28 SECTION 1. ~~Section 23400 of the Revenue and Taxation Code~~  
29 ~~is amended to read:~~

30 ~~23400. (a) Part VI of Subchapter A of Chapter 1 of Subtitle~~  
31 ~~A of the Internal Revenue Code, relating to alternative minimum~~  
32 ~~tax, shall apply, except as otherwise provided:~~

33 ~~(b) A corporation that elects under Chapter 4.5 (commencing~~  
34 ~~with Section 23800) to be treated as an “S corporation” shall not~~  
35 ~~be subject to the tax imposed by this chapter.~~