

## Senate Bill No. 164

### CHAPTER 471

An act to add Section 69505 to the Education Code, to add Section 17156.5 to the Revenue and Taxation Code, and to amend Section 11008.17 of the Welfare and Institutions Code, relating to reparation payments, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 23, 1999. Filed  
with Secretary of State September 23, 1999.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 164, Johnston. Reparation payments: state income tax exclusion and Medi-Cal and state student financial aid eligibility.

(1) Under existing law, and to the extent required by federal law, certain reparation payments made by the federal government to redress injustices done to United States citizens and resident aliens of Japanese ancestry interned during World War II are not considered income or resources for the purposes of determining eligibility for Medi-Cal and public assistance benefits or the amount of those benefits.

This bill would, to the extent that federal financial participation is available, prohibit reparation payments made by the Canadian government to persons of Japanese ancestry interned in Canada during World War II from being considered as income or resources for purposes of determining eligibility to receive Medi-Cal benefits or the amount of these benefits. It would, to the extent that federal financial participation is available, where reparation payments have been converted to another form, prohibit amounts of otherwise excess nonexempt resources equal to the amount of these reparation payments received by the individual or inherited by the spouse of the individual, or both, from being considered as resources in determining eligibility for Medi-Cal. It would also, to the extent that federal financial participation is available, exempt reparation payments and amounts of resources equal to the amount of reparation payments, received by the deceased Medi-Cal beneficiary or inherited by the deceased spouse of that beneficiary, or both, from estate recovery by the State Department of Health Services.

Since eligibility for Medi-Cal benefits is determined by county welfare departments, this bill would impose a state-mandated local program on counties implementing its provisions.

(2) Under existing law, specified resources are exempt from consideration in determining an applicant's financial need for state student assistance.

This bill would also require that, to the extent that federal financial analysis methodology incorporates this exemption, income received as reparation payments from the federal government on or after October 1, 1990, or as reparation payments from the Canadian government, shall not be considered in determining an applicant's financial need for state student assistance.

(3) The existing Personal Income Tax Law provides for various exclusions from gross income.

This bill would also exclude from gross income reparation payments made by the Canadian government to persons of Japanese ancestry interned in Canada during World War II.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(5) This bill would declare that it is to take effect immediately as an urgency statute.

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

SECTION 1. Section 69505 is added to the Education Code, to read:

69505. (a) To the extent that federal financial analysis methodology incorporates this exemption, income received as reparation payments paid pursuant to federal law on or after October 1, 1990, for the purpose of redressing the injustice done to United States citizens and resident aliens of Japanese ancestry who were interned during World War II shall not be considered in determining an applicant's financial need.

(b) To the extent that federal financial analysis methodology incorporates this exemption, income received as reparation payments paid by the Canadian government for the purpose of redressing the injustice done to persons of Japanese ancestry who were interned in Canada during World War II shall not be considered in determining an applicant's financial need.

SEC. 2. Section 17156.5 is added to the Revenue and Taxation Code, to read:

17156.5. Gross income does not include any amount received as reparation payments paid by the Canadian government for the



purpose of redressing the injustice done to persons of Japanese ancestry who were interned in Canada during World War II.

SEC. 3. Section 11008.17 of the Welfare and Institutions Code is amended to read:

11008.17. (a) To the extent required by federal law, amounts paid pursuant to any federal law enacted in 1988 to provide reparation payments to redress the injustice done to United States citizens and resident aliens of Japanese ancestry who were interned during World War II shall not be considered as income or resources for purposes of determining eligibility to receive Medi-Cal benefits or public assistance benefits or the amount of those benefits.

(b) To the extent that federal financial participation is available, amounts paid by the Canadian government to provide reparation payments to redress the injustice done to persons of Japanese ancestry who were interned in Canada during World War II shall not be considered as income or resources for purposes of determining eligibility to receive Medi-Cal benefits or public assistance benefits or the amount of those benefits.

(c) To the extent that federal financial participation is available, where the reparation payments described in subdivisions (a) and (b) have been converted to another form, amounts of otherwise excess nonexempt resources equal to the amount of these reparation payments received by the individual or inherited by the spouse of the individual, or both, shall not be considered as resources in determining eligibility for Medi-Cal.

(d) To the extent that federal financial participation is available, reparation payments described in subdivisions (a) and (b), or where the reparation payments described in subdivisions (a) and (b) have been converted to another form, amounts of resources equal to the amount of these reparation payments, received by the deceased Medi-Cal beneficiary or inherited by the deceased spouse of that beneficiary, or both, shall be exempt from estate recovery by the State Department of Health Services pursuant to Section 14009.5.

SEC. 4. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order that recipients of reparation payments may fully benefit from the provisions of this act as soon as possible and so redress an



unfairness at the earliest possible time, it is necessary that this act take effect immediately.

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