

Introduced by Senator HuesoFebruary 14, 2020

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

LEGISLATIVE COUNSEL'S DIGEST

SB 1007, as introduced, Hueso. Personal income taxes: exclusion: uniformed services: retirement pay.

The Personal Income Tax Law imposes a tax on individual taxpayers measured by the taxpayer's taxable income for the taxable year, but excludes certain items of income from the computation of tax, including an exclusion for combat-related special compensation.

This bill, for taxable years beginning on or after January 1, 2021, and before January 1, 2031, would exclude from gross income retirement pay received by a taxpayer from the federal government for service performed in the uniformed services, as defined, during the taxable year.

Existing law requires any bill authorizing a new tax expenditure to contain, among other things, specific goals, purposes, and objectives that the tax expenditure will achieve, detailed performance indicators, and data collection requirements.

This bill also would include additional information required for any bill authorizing a new tax expenditure. The bill would require the Franchise Tax Board and the Department of Veterans Affairs to provide any data requested by the Legislative Analyst to write the report, and would make taxpayer information received by the Legislative Analyst subject to limitation on the collection and use of that information. By expanding the scope of a crime, this bill would impose a state-mandated local program.

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.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would take effect immediately as a tax levy.

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

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 taxable years beginning on or after January
4 1, 2021, and before January 1, 2031, gross income shall not include
5 retirement pay received by a taxpayer from the federal government
6 for service in the uniformed services during the taxable year.

7 (b) For purposes of this section, the following definitions apply:

8 (1) "Armed Forces of the United States" has the same meaning
9 as that term is defined in Section 17022.

10 (2) "Uniformed services" means Armed Forces of the United
11 States, the Army National Guard and the Air National Guard when
12 engaged in active duty for training, inactive duty training, or
13 full-time National Guard duty, and the commissioned corps of the
14 United States Public Health Service.

15 (c) This section shall remain in effect only until December 1,
16 2031, and as of that date is repealed.

17 SEC. 2. For purposes of complying with the requirements of
18 Section 41 of the Revenue and Taxation Code, with respect to the
19 exclusion allowed by Section 17132.9 of the Revenue and Taxation
20 Code, as added by this act, hereafter "the exclusion," the
21 Legislature finds and declares the following:

22 (a) The specific goals, purposes, and objectives of the exclusion
23 are as follows:

24 (1) To honor the service of California veterans and provide
25 fiscal relief so they will remain or retire in California.

26 (2) To increase the number of highly skilled retired veterans in
27 California's workforce.

1 (b) Detailed performance indicators for the Legislature to use
2 in determining whether the exclusion meets the goals, purposes,
3 and objectives described in subdivision (a) are as follows:

4 (1) The number of veterans taking advantage of the tax
5 exclusion.

6 (2) The economic security of veterans in California.

7 (3) The number of retired veterans leaving California.

8 (c) The data collection requirements for the exclusion are as
9 follows:

10 (1) On or before December 1, 2030, the Legislative Analyst, in
11 collaboration with the Department of Veterans Affairs, shall write
12 and submit a report to the Legislature on the effectiveness of the
13 exclusion. The report shall include, but not be limited to, an
14 analysis of the number of veterans taking advantage of the
15 exclusion and the impact of the exclusion on the economic security
16 of veterans in California and the number of retired veterans leaving
17 California. The report shall be submitted in compliance with
18 Section 9795 of the Government Code.

19 (2) To write the report required by this subdivision, the
20 Legislative Analyst may request information from the Franchise
21 Tax Board and the Department of Veterans Affairs.

22 (3) Notwithstanding Section 19542 of the Revenue and Taxation
23 Code, the Franchise Tax Board and the Department of Veterans
24 Affairs shall provide any data requested by the Legislative Analyst
25 pursuant to this subdivision. Taxpayer information received
26 pursuant to this section by the Legislative Analyst is subject to
27 Section 19542 of the Revenue and Taxation Code.

28 SEC. 3. No reimbursement is required by this act pursuant to
29 Section 6 of Article XIII B of the California Constitution because
30 the only costs that may be incurred by a local agency or school
31 district will be incurred because this act creates a new crime or
32 infraction, eliminates a crime or infraction, or changes the penalty
33 for a crime or infraction, within the meaning of Section 17556 of
34 the Government Code, or changes the definition of a crime within
35 the meaning of Section 6 of Article XIII B of the California
36 Constitution.

1 SEC. 4. This act provides for a tax levy within the meaning of
2 Article IV of the California Constitution and shall go into
3 immediate effect.

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