

AMENDED IN ASSEMBLY FEBRUARY 24, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

**ASSEMBLY BILL**

**No. 291**

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**Introduced by Assembly Member Seyarto**  
*(Principal coauthor: Assembly Member Mathis)*  
*(Coauthors: Assembly Members Bigelow, Chen, Choi, Megan Dahle,*  
*Nguyen, Patterson, and Voepel)*  
*(Coauthors: Senators Dahle, Jones, and Ochoa Bogh)*

January 21, 2021

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An act to add and repeal Section 17140.6 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 291, as amended, Seyarto. Income taxation: exclusion: military survivor benefits.

The Personal Income Tax Law, in modified conformity with federal law, generally defines “gross income” as income from whatever source derived, except as specifically excluded, and provides various exclusions from gross income for purposes of computing tax liability. 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, for taxable years beginning on or after January 1, 2021, and before January 1, 2026, would provide an exclusion from gross income for all survivor benefits or payments received on or after January 1, 2021, and before January 1, 2026, under the federal Survivor Benefit Plan. The bill would require the Franchise Tax Board to ~~submit~~ *submit*, *on or before December 1, 2025*, a report to the Legislature on the income

brackets of taxpayers who claimed this exclusion, and would provide findings and declarations relating to the goals, purposes, and objectives of this exclusion.

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 17140.6 is added to the Revenue and  
 2 Taxation Code, to read:  
 3 17140.6. (a) For taxable years beginning on and after January  
 4 1, 2021, and before January 1, 2026, gross income does not include  
 5 all survivor benefits or payments received on or after January 1,  
 6 2021, and before January 1, 2026, under a Survivor Benefit Plan  
 7 established pursuant to Subchapter II (commencing with Section  
 8 1447) of Chapter 73 of Part II of Subtitle A of Title 10 of the  
 9 United States Code, relating to survivor benefit plans.  
 10 (b) (1) For the purposes of complying with Section 41, the  
 11 Legislature finds and declares that the goals, purposes, and  
 12 objectives of this exclusion are both of the following:  
 13 (A) To recognize the loss and sacrifice of our military families  
 14 and give them the support that our community owes.  
 15 (B) To provide some financial relief to families that have  
 16 experienced not only the loss of a loved one, but also often the  
 17 loss of the sole income of the family, and who are now trying to  
 18 make ends meet on a portion of that original income.  
 19 (2) The Legislature shall use income reporting for the exclusion  
 20 provided by the Franchise Tax Board as performance indicators  
 21 to measure whether the exclusion meets the goals, purposes, and  
 22 objectives stated in paragraph (1).  
 23 (3) The Franchise Tax Board shall determine the income  
 24 brackets of individuals who claimed the exclusion allowed by this  
 25 section ~~and, notwithstanding Section 19542, and~~ shall provide that  
 26 information to the Legislature in an annual report, submitted *on*  
 27 *or before December 1, 2025, and* pursuant to Section 9795 of the  
 28 Government Code, to assist the Legislature in determining whether  
 29 the exclusion is helping families that are financially struggling  
 30 through the loss of a service member or veteran.

1     (4) *The disclosure provisions of this subdivision shall be treated*  
2     *as an exception to Section 19542 under Article 2 (commencing*  
3     *with Section 19542) of Chapter 7 of Part 10.2.*

4     (c) This section shall remain in effect only until December 1,  
5     2026, and as of that date is repealed.

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

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