

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Melendez Analyst: Michelle Chan Bill Number: AB 2329  
 Related Bills: See Prior Analysis Telephone: 845-6805 Amended Date: April 10, 2014  
 Attorney: Bruce Langston Sponsor: \_\_\_\_\_

**SUBJECT:** Exclusion/Military Concurrent Retirement & Disability Pay

**SUMMARY**

This bill would exclude from gross income specific combat-related payments for taxable years beginning on or after January 1, 2015.

**RECOMMENDATION**

No position.

**SUMMARY OF AMENDMENTS**

The April 10, 2014, amendments removed references to Combat-Related Special Compensation payments. This amendment resolved a technical consideration discussed in the department's analysis of the bill as introduced on February 21, 2014.

As a result of the amendments, the "This Bill," and the "Technical Considerations" sections have been revised. The remainder of the department's analysis of this bill as introduced on February 21, 2014 still applies. The "Fiscal Impact," "Economic Impact," and the "Policy Concerns" sections remain unchanged and have been restated for convenience.

**Summary of Suggested Amendments**

An amendment has been suggested under the "Technical Consideration" discussion to clarify the definition of Concurrent Retirement and Disability Pay.

**ANALYSIS****THIS BILL**

This bill would, for taxable years beginning on or after January 1, 2015, exclude from gross income Concurrent Receipt of Retirement and Disability Pay payments made to an "eligible individual".

Board Position:

\_\_\_\_\_ S                      \_\_\_\_\_ NA                        X   NP  
 \_\_\_\_\_ SA                      \_\_\_\_\_ O                      \_\_\_\_\_ NAR  
 \_\_\_\_\_ N                      \_\_\_\_\_ OUA

Asst. Legislative Director

Date

Jahna Carlson

4/18/14

This bill would define “eligible individual” as an active, reserve, or retired member of the United States military who served on active duty.

**TECHNICAL CONSIDERATIONS**

On page 2, strikeout lines 15 through 17 inclusive, and insert:

“received as provided in Section 1414 of Title 10 of the United States Code by an eligible individual.”

**FISCAL IMPACT**

This bill would not significantly impact the department’s costs.

**ECONOMIC IMPACT**

**Revenue Estimate**

Estimated Revenue Impact of AB 2329 As Amended April 10, 2014 Assumed Enactment After June 30, 2014 (\$ in Millions)		
2014-15	2015-16	2016-17
- \$11	- \$19	- \$19

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

**POLICY CONCERNS**

This bill would create a difference between federal and California tax law, thereby increasing the complexity of California tax return preparation.

**LEGISLATIVE STAFF CONTACT**

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