

SUMMARY ANALYSIS OF AMENDED BILL

Author: Melendez Analyst: Michelle Chan Bill Number: AB 2329
 Related Bills: See Prior Analysis Telephone: 845-6805 Amended Date: May 15, 2014
 Attorney: Bruce Langston Sponsor: _____

SUBJECT: Exclusion/Military Concurrent Retirement & Disability Pay

SUMMARY

This bill would exclude from gross income specific retirement and disability payments.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The May 15, 2014, amendments added a sunset and repeal date and resolved the department's technical consideration by accepting the amendment suggested in the department's analysis dated April 10, 2014. As a result of the amendments, the "Effective/Operative Date," and the "This Bill" sections have been revised. In addition, the "Support/Opposition" section has been updated. 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 have been restated for convenience.

EFFECTIVE/OPERATIVE DATE

As a tax levy, this bill would be effective immediately upon enactment and specifically operative for taxable years beginning on or after January 1, 2015, and before January 1, 2020.

ANALYSISTHIS BILL

This bill would, for taxable years beginning on or after January 1, 2015, and before January 1, 2020, exclude from gross income Concurrent Receipt of Retirement and Disability Pay payments made to an "eligible individual".

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

Board Position:

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Asst. Legislative Director

Date

Jahna Carlson

06/02/14

This exclusion would be repealed by its own terms as of December 1, 2020.

FISCAL IMPACT

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

ECONOMIC IMPACT

Revenue Estimate

Estimated Revenue Impact of AB 2329 As Amended May 15, 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.

SUPPORT/OPPOSITION¹

Support: American Legion, Department of California; AMVETS, Department of California; California Association of County Veterans Service Officer; California State Commanders Veterans Council; Military Officers Association of America, California Council of Chapters; Veterans Foreign Wars, Department of California; Vietnam Veterans of America, California State Council; Jewish War Veterans, Department of California; Reserve Officers Association of the United States, Department of the Golden West.

Opposition: None provided.

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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¹ As noted in the Assembly Revenue and Taxation Committee analysis dated May 12, 2014.