



Bill Analysis

Author: Ting

Bill Number: AB 81

SUBJECT

Covid-19 Relief - Income Exclusion for Tenant Grants and for Forgiveness of Tenant Rent Liability

SUMMARY

This bill would make several clarifying amendments and technical changes to existing state law related to state assistance to individuals impacted by the COVID-19 pandemic, including the State Rental Assistance Program.

This analysis only addresses the provisions of the bill that impact the department's programs and operations.

REASON FOR THE BILL

The reason for this bill is to assist Californians impacted by the COVID-19 pandemic.

ANALYSIS

Section 10 of this bill would make several nonsubstantive technical and conforming changes to Section 50897.1 of the Health and Safety Code, which includes provisions exempting rent forgiveness and certain rental assistance payments from gross income for purposes of the Personal Income Tax Law (PITL). This bill does not make changes to the gross income exclusion found in the Revenue and Taxation Code (RTC).

This bill also appropriates \$5 million General Fund to the Franchise Tax Board for outreach and increased awareness of the Golden State Stimulus.

Effective/Operative Date

This bill was signed by the Governor on February 22, 2021, and is effective immediately. The gross income exclusion remains operative for taxable years beginning on or after January 1, 2020, and before January 1, 2025.

*Federal/State Law**Federal Law*

The federal Consolidated Appropriations Act of 2021 (CAA) allocated \$25 billion rental assistance funds to the states to assist qualified households who are unable to pay rent, utilities, home energy costs, and other housing expenses related due to the Covid-19 pandemic. The assistance is to be provided for up to 12 months. An additional three months is also available if a determination is made that it will ensure housing stability and the assistance funds are available.

State Law

SB 91 (Committee on Budget and Fiscal Review, Chapter 2, Statutes of 2021) Section 24 added the State Rental Assistance Program, to administer funds made available to the state by the CAA.

The State Rental Assistance Program includes an exemption from income for purposes of the PITL, and specifies that, for taxable years beginning on or after January 1, 2020, and before January 1, 2025, gross income will not include a tenant's rent liability that is forgiven by a landlord under the State Rental Assistance Program or as rent forgiveness provided through funds grantees received as a direct allocation from the Secretary of the Treasury pursuant to Subtitle A of Title V of Division N of the federal CAA.

Implementation Considerations

None noted.

Technical Considerations

None noted.

LEGISLATIVE HISTORY

SB 91 (Committee on Budget and Fiscal Review, Chapter 2, Statutes of 2021) added the State Rental Assistance Program, to administer funds made available to the state by federal rental assistance funds provided pursuant to the federal CAA.

AB 3088 (Chiu, Chapter 37, Statutes of 2020), COVID-19 Tenant Relief Act of 2020, codified a set of temporary measures designed to prevent widespread loss of housing.

PROGRAM BACKGROUND

None noted.

FISCAL IMPACT

To be determined.

ECONOMIC IMPACT

Revenue Estimate

This bill as amended on February 17, 2021, would not impact state income or franchise tax revenue.

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

LEGAL IMPACT

None noted.

APPOINTMENTS

None.

VOTES

Location	Date	Yes Votes	No Votes
Concurrence	February 22, 2021	77	0
Senate Floor	February 22, 2021	37	0
Assembly Floor	January 15, 2021	48	13

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