



## **Bill Analysis**

Author: Bradford, et al.

Bill Number: SB 796

## **SUBJECT**

Gross Income Exclusion for Sale or Transfer of Bruce's Beach

## **SUMMARY**

This bill would, under the Personal Income Tax Law (PITL) and the Corporation Tax Law (CTL), allow for a gross income exclusion for a one-time sale, transfer, or encumbrance of a portion of land within Manhattan State Beach, known as "Peck's Manhattan Beach Tract Block 5" and commonly referred to as "Bruce's Beach."

This analysis only addresses the provisions that would impact the department.

## **REASON FOR THE BILL**

The reason for this bill is to return Bruce's Beach to descendants of the family who owned that land and to relieve the tax burden created by returning the land to the family.

## **ANALYSIS**

This bill would, under the Public Resources Code (PRC), authorize the County of Los Angeles to sell, transfer, or encumber Bruce's Beach upon terms and conditions determined by the Board of Supervisors of the County of Los Angeles to be in the best interest of the County of Los Angeles and the general public.

Under the PITL and the CTL, for the first sale, transfer, or encumbrance in the taxable year in which the land is sold, transferred, or encumbered, a recipient's gross income would not include:

- Any sale, transfer, or encumbrance of Bruce's Beach; and
- Any gain, income, or proceeds received that is directly derived from the sale, transfer, or encumbrance of Bruce's Beach.

This exclusion would not apply to any subsequent sale or disposition of Bruce's Beach by the recipient or any other person.

This bill establishes that the provisions of this act would be severable. If any provision of this act or its application would be held invalid, that invalidity would not affect other provisions or applications that can be given effect without the invalid provision or application.

This bill would declare the need for a special statute and an urgency clause.

#### *Effective/Operative Date*

As an urgency measure, this bill would be effective and operative immediately upon enactment.

#### *Federal/State Law*

Existing federal and state laws provide that gross income includes all income from whatever source derived, including compensation for services, business income, gains from property, interest, dividends, rents, and royalties, unless specifically excluded.

Existing federal and state laws provide that certain types of income are excluded from gross income, such as amounts received as a gift or inheritance, certain compensation for injuries and sickness, qualified scholarships, educational assistance programs, foster care payments, and interest received on certain state or federal obligations.

#### *Implementation Considerations*

None noted.

#### *Technical Considerations*

None noted.

#### *Policy Considerations*

None noted.

### **LEGISLATIVE HISTORY**

AB 2380 (Choi, 2019/2020), similar to this bill, would have excluded from gross income survivor benefits and payments received under Survivor Benefit Plans. AB 2380 did not pass out of the Assembly by the constitutional deadline.

SB 343 (Bradford, Chapter 887, Statutes of 2018), under the PITL, excludes from gross income qualified amounts received by a taxpayer related to the remediation of the Carousel Housing Tract.

## **PROGRAM BACKGROUND**

None noted.

## **FISCAL IMPACT**

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

## **ECONOMIC IMPACT**

### *Revenue Estimate*

This bill would have a revenue impact on the general fund, but due to its prospective nature the FTB is unable to provide the revenue impact at this time.

## **LEGAL IMPACT**

None noted.

## **APPOINTMENTS**

None noted.

## **SUPPORT/OPPOSITION**

The Senate Floor analysis dated September 8, 2021, lists the following support and opposition.

### *Support*

County of Los Angeles Board of Supervisors (source); Active San Gabriel Valley; American Redress Coalition of California; Asian Pacific Islander Forward Movement; Azul; Brown Girl Surf; California Coastal Commission; California State Lands Commission; California State NAACP; California State PTA; Coalition for a Just and Equitable California; Color of Change; Earthseed; Fieldstead and Company, INC.; Justice Outside; Latino Outdoors; Los Angeles County; Los Angeles Neighborhood Land Trust; National Assembly of American Slavery Descendants Los Angeles; National Association of Social Workers, California Chapter; Natural Resources Defense Council; Outdoor Afro; Outdoor Outreach; Outward Bound Adventures; Parks Now; Stentorians of Los Angeles County.

### *Opposition*

None noted.

**VOTES**

<b>Location</b>	<b>Date</b>	<b>Yes Votes</b>	<b>No Votes</b>
Concurrence	September 09, 2021	38	0
Assembly Floor	September 08, 2021	79	0
Senate Floor	June 02, 2021	38	0

**LEGISLATIVE STAFF CONTACT**

[FTBLegislativeServices@ftb.ca.gov](mailto:FTBLegislativeServices@ftb.ca.gov)

Yolanda Richardson  
 Agency Secretary, Gov Ops  
 Work (916) 651-9011

Christina Spagnoli  
 Legislative Deputy, Gov Ops  
 Work (916) 651-9373

Selvi Stanislaus  
 Executive Officer, FTB  
 Work (916) 845-4543

Annette Kunze  
 Legislative Director, FTB  
 Work (916) 845-6333