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AB-454 Personal income taxes: exclusion: wrongfully incarcerated individuals. (2017-2018)

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Assembly Bill No. 454

CHAPTER 655

An act to add Section 17156.1 to the Revenue and Taxation Code, relating to taxation.

[Approved by Governor October 11, 2017. Filed with Secretary of State October 11, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

AB 454, Ridley-Thomas. Personal income taxes: exclusion: wrongfully incarcerated individuals.

The Personal Income Tax Law imposes a tax on taxpayers measured by the taxpayer's taxable income for the taxable year, but excludes certain items of income from the computation of tax, including an exclusion for a specified amount received as compensation for having been the victim of a miscarriage of justice by a specific individual that was wrongfully convicted.

Various provisions of the Personal Income Tax Law conform, or conform as modified, to provisions of the Internal Revenue Code as of January 1, 2015. By law enacted December 18, 2015, the Internal Revenue Code excludes from gross income certain amounts received by wrongfully incarcerated individuals.

This bill would conform state law to that provision of the Internal Revenue Code. The bill would apply this conformity to taxable years beginning before, on, or after January 1, 2018. The bill would make legislative findings regarding the public purpose served by this bill.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 17156.1 is added to the Revenue and Taxation Code, to read:

17156.1. (a) Section 304(a) as added by Public Law 114-113, which is codified as Section 139F of the Internal Revenue Code, relating to certain amounts received by wrongfully incarcerated individuals, shall apply.

(b) This section shall apply to taxable years beginning before, on, or after January 1, 2018.

(c) If the credit or refund of any overpayment of tax resulting from the application of this section to a period before January 1, 2018, is prevented as of such date by the operation of any law or rule of law (including res judicata), such credit or refund may nevertheless be allowed or made if the claim therefor is filed before the close of the one-year period beginning on January 1, 2018.

SEC. 2. The Legislature hereby declares that compensation to victims of a miscarriage of justice due to wrongful incarceration constitutes a public purpose and is not a gift of public funds within the meaning of Section 6 of Article XVI of the California

