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SB-946 Personal Income Tax Law: Corporation Tax Law: exclusions: wildfire mitigation payments. (2023-2024)

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Senate Bill No. 946

CHAPTER 987

An act to add and repeal Sections 17138.8 and 24308.10 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 29, 2024. Filed with Secretary of State September 29, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

SB 946, McGuire. Personal Income Tax Law: Corporation Tax Law: exclusions: wildfire mitigation payments.

The Personal Income Tax Law and the Corporation Tax Law, in conformity with federal income tax law, generally defines gross income as income from whatever source derived, except as specifically excluded, and provides various exclusions from gross income.

This bill would, for taxable years beginning on or after January 1, 2024, and before January 1, 2029, provide an exclusion from gross income for amounts received by a qualified taxpayer, as defined, as a California qualified wildfire loss mitigation payment, as defined.

Existing law requires a bill authorizing a new tax expenditure to contain, among other things, specific goals the tax expenditure will achieve, detailed performance indicators, and data collection requirements.

This bill would include additional information required for any bill authorizing a new tax expenditure. The bill would authorize the Franchise Tax Board to provide specified data requested by the joint powers authority, as defined, and would make taxpayer information received by the joint powers authority subject to limitations on the collection and use of that information. By expanding the scope of a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would take effect immediately as a tax levy.

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

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

SECTION 1. Section 17138.8 is added to the Revenue and Taxation Code, to read:

17138.8. (a) For taxable years beginning on or after January 1, 2024, and before January 1, 2029, gross income shall not include any amount received by a qualified taxpayer as a California qualified wildfire loss mitigation payment.

(b) For purposes of this section, the following definitions apply:

(1) "California qualified wildfire loss mitigation payment" means any amount which is received through the California Wildfire Mitigation Financial Assistance Program under Article 16.5 (commencing with Section 8654.2) of Chapter 7 of Division 1 of Title 2 of the Government Code for the benefit of a residential property owner or occupant with expenses paid, or obligations incurred, for wildfire loss mitigation.

(2) "Qualified taxpayer" means a taxpayer that owns the structure for which a California qualified wildfire loss mitigation payment was received.

(3) "Wildfire loss mitigation" means an activity that reduces wildfire risks to a residential structure or its contents, or both.

(c) (1) For the purpose of complying with Section 41, as it relates to the tax exclusion provided by this section and Section 24308.10, the Legislature finds and declares the following:

(A) The specific goal, purpose, and objective of the tax exclusion is to provide relief to qualifying property owners in high fire areas who participate in the California Wildfire Mitigation Financial Assistance Program pursuant to Section 8654.2 of the Government Code.

(B) The performance indicators for the Legislature to use in determining if the exclusion achieves the stated goal, purpose, and objective shall be the number of qualified taxpayers that may be eligible to exclude qualified amounts from gross income, and the aggregate amount of funds distributed from the California Wildfire Mitigation Financial Assistance Program.

(2) (A) No later than December 1, 2029, the joint powers authority created pursuant to Section 8654.4 of the Government Code shall submit a report to the Legislature, in compliance with Section 9795 of the Government Code, detailing, to the extent data is available, the aggregate amount of funds distributed from the California Wildfire Mitigation Financial Assistance Program, and the number of individuals who accepted funds from the program who may be eligible to exclude the income pursuant to this section and Section 24308.10.

(B) Notwithstanding Section 19542, the Franchise Tax Board may provide data related to amounts excluded from gross income pursuant to this section and Section 24308.10, requested by the joint powers authority, to the extent that data is available. Taxpayer information received by the joint powers authority pursuant to this section is subject to Section 19542.

(d) This section shall remain in effect only until December 1, 2029, and as of that date is repealed.

SEC. 2. Section 24308.10 is added to the Revenue and Taxation Code, to read:

24308.10. (a) For taxable years beginning on or after January 1, 2024, and before January 1, 2029, gross income shall not include any amount received by a qualified taxpayer as a California qualified wildfire loss mitigation payment.

(b) For purposes of this section, the following definitions apply:

(1) "California qualified wildfire loss mitigation payment" means any amount which is received through the California Wildfire Mitigation Financial Assistance Program under Article 16.5 (commencing with Section 8654.2) of Chapter 7 of Division 1 of Title 2 of the Government Code for the benefit of a residential property owner or occupant with expenses paid, or obligations incurred, for wildfire loss mitigation.

(2) "Qualified taxpayer" means a taxpayer that owns the structure for which a California qualified wildfire loss mitigation payment was received.

(3) "Wildfire loss mitigation" means an activity that reduces wildfire risks to a residential structure or its contents, or both.

(c) This section shall remain in effect only until December 1, 2029, and as of that date is repealed.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 4. This act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into immediate effect.