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**AB-376 Personal Income Tax Law: Corporation Tax Law: wildfires: exclusions.** (2025-2026)

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AMENDED IN ASSEMBLY APRIL 21, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 376**

Introduced by Assembly Member Tangipa

February 03, 2025

~~An act to add and repeal Section 17139.1 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.~~ *An act to add and repeal Sections 17139 and 24309.4 of the Revenue and Taxation Code, relating to taxation.*

**LEGISLATIVE COUNSEL'S DIGEST**

AB 376, as amended, Tangipa. ~~Personal Income Tax Law: exclusions: insurance proceeds: wildfires.~~ *Personal Income Tax Law: Corporation Tax Law: wildfires: exclusions.*

*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, 2023, and before January 1, 2028, provide an exclusion from gross income for a qualified taxpayer, as defined, for amounts received for costs and losses associated with wildfires, as provided.*

*Existing law requires a bill authorizing a new tax expenditure to contain, among other things, specific goals, purposes, and objectives 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.*

*This bill would make findings and declarations related to a gift of public funds.*

~~The Personal Income 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, for taxable years beginning on or after January 1, 2025, and before January 1, 2030, would provide an exclusion from gross income for any amount received by a qualified taxpayer, as defined, as qualified insurance proceeds. The bill would define~~

~~qualified insurance proceeds for this purpose to mean any amount received under a homeowner's insurance policy or a renter's insurance policy for damages or expenses resulting from a fire occurring in an area that is proclaimed by the Governor to be in a state of emergency;~~

~~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.~~

~~This bill would take effect immediately as a tax levy.~~

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

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

**SECTION 1.** *Section 17139 is added to the Revenue and Taxation Code, to read:*

**17139.** (a) *For taxable years beginning on or after January 1, 2023, and before January 1, 2028, gross income does not include any qualified amount received by a qualified taxpayer.*

(b) *For purposes of this section:*

(1) *"Qualified amount" means any amount received in settlement by a qualified taxpayer to replace property damaged or destroyed by wildfire if the property damaged or destroyed is located in an area of California damaged by the wildfire.*

(2) *"Qualified taxpayer" means any of the following:*

(A) *A taxpayer that owns real property located in an area damaged by a wildfire who paid or incurred expenses, and received amounts from a settlement, arising out of or pursuant to the wildfire.*

(B) *A taxpayer that resides within an area damaged by a wildfire who paid or incurred expenses, and received amounts from a settlement, arising out of or pursuant to the wildfire.*

(C) *A taxpayer that has a place of business within an area damaged by a wildfire who paid or incurred expenses, and received amounts from a settlement, arising out of or pursuant to the wildfire.*

(3) *"Settlement entity" means the entity, approved by a class action settlement administrator, making the settlement payment to a qualified taxpayer.*

(c) *The settlement entity shall provide, upon request by the Franchise Tax Board or qualified taxpayer, documentation of the settlement payments in the form and manner requested by the Franchise Tax Board or the qualified taxpayer who may provide the documentation to the Franchise Tax Board upon request.*

(d) (1) *For the purpose of complying with Section 41, as it relates to the exclusion provided by this section and Section 24309.4, the Legislature finds and declares that the purpose of the exclusion is to provide essential relief to individuals who have suffered injury, loss, inconvenience, and expenses resulting from devastating wildfires and other natural disasters.*

(2) (A) *By November 1, 2028, the Franchise Tax Board shall deliver to the Legislature a written report, in accordance with Section 9795 of the Government Code, that includes both of the following:*

(i) *The number of qualified taxpayers that excluded qualified amounts from gross income, as those terms are used in this act, as a result of the tax expenditure allowed by this act.*

(ii) *The aggregate amount of those settlement payments arising out of the wildfires and natural disasters.*

(B) *The disclosure provisions of this paragraph shall be treated as an exception to Section 19542.*

(e) *This section shall remain in effect only until December 1, 2028, and as of that date is repealed.*

**SEC. 2.** *Section 24309.4 is added to the Revenue and Taxation Code, to read:*

**24309.4.** (a) *For taxable years beginning on or after January 1, 2023, and before January 1, 2028, gross income does not include any qualified amount received by a qualified taxpayer.*

(b) *For purposes of this section:*

(1) "Qualified amount" means any amount received in settlement by a qualified taxpayer to replace property damaged or destroyed by wildfire if the property damaged or destroyed is located in an area of California damaged by the wildfire.

(2) "Qualified taxpayer" means either of the following:

(A) A taxpayer that owns real property located in an area damaged by a wildfire who paid or incurred expenses, and received amounts from a settlement, arising out of or pursuant to the wildfire.

(B) A taxpayer that has a place of business within an area damaged by a wildfire who paid or incurred expenses, and received amounts from a settlement, arising out of or pursuant to the wildfire.

(3) "Settlement entity" means the entity, approved by a class action settlement administrator, making the settlement payment to a qualified taxpayer.

(c) The settlement entity shall provide, upon request by the Franchise Tax Board or qualified taxpayer, documentation of the settlement payments in the form and manner requested by the Franchise Tax Board or the qualified taxpayer who may provide the documentation to the Franchise Tax Board upon request.

(d) This section shall remain in effect only until December 1, 2028, and as of that date is repealed.

**SEC. 3.** The Legislature hereby finds and declares that the exclusions authorized by Sections 17139 and 24309.4 of the Revenue and Taxation Code, as added by this act, serve the public purpose of preventing undue hardship to taxpayers who reside, or used to reside, in parts of California devastated by recent wildfires, and do not constitute a gift of public funds within the meaning of Section 6 of Article XVI of the California Constitution.

~~SECTION 1. Section 17139.1 is added to the Revenue and Taxation Code, to read:~~

~~17139.1. (a) For taxable years beginning on or after January 1, 2025, and before January 1, 2030, gross income shall not include any amount received by a qualified taxpayer as qualified insurance proceeds.~~

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

~~(1) "Qualified insurance proceeds" means any amount received by a qualified taxpayer under a homeowner's insurance policy or a renter's insurance policy for damages or expenses resulting from a fire occurring in any city or county in this state that is proclaimed by the Governor to be in a state of emergency.~~

~~(2) "Qualified taxpayer" means any taxpayer that resided in any city or county in this state impacted by fire at the time the Governor declares the area to be in a state of emergency who paid or incurred expenses and received insurance proceeds arising out of or pursuant to that fire.~~

~~(c) No deduction shall be allowed with respect to any amount that a qualified taxpayer excludes from income pursuant to this section.~~

~~(d) (1) For purposes of complying with Section 41, the Legislature finds and declares as follows:~~

~~(A) The specific goal of the exclusion provided by this section is to provide essential relief to individuals who have suffered injury, loss, inconvenience, and expenses resulting from wildfire.~~

~~(B) The performance indicators used by the Legislature to determine if the exclusion is achieving its stated goal are the number of taxpayers excluding insurance proceeds from income pursuant to this section, and the total dollar value of insurance proceeds excluded.~~

~~(2) (A) On or before January 1, 2030, the Franchise Tax Board shall submit a report to the Legislature, in compliance with Section 9795 of the Government Code, detailing, to the extent that data is available, the number of taxpayers excluding insurance proceeds from income pursuant to this section, and the total dollar value of insurance proceeds excluded.~~

~~(B) The disclosure requirements of this paragraph shall be treated as an exception to Section 19542.~~

~~(e) This section shall remain operative only until December 1, 2030, and as of that date is repealed.~~

~~SEC. 2. This act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into immediate effect.~~