AB-755 Income tax: exclusion: disasters. (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL NO. 755

Introduced by Assembly Member Tangipa

February 18, 2025

An act to add and repeal Sections 17139.7 and 24309.4 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 755, as introduced, Tangipa. Income tax: exclusion: disasters.

The Personal Income Tax Law and the Corporation Tax Law, in modified 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, 2035, would provide an exclusion from gross income for amounts received as income, not to exceed $300,000 per taxable year, by a qualified taxpayer whose real property, residence, or business burned or was deemed uninhabitable due to a disaster, as defined, during the taxable year in which the disaster occurred and the following taxable year.

Existing law requires any bill authorizing a new tax expenditure to contain, among other things, specific goals that 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

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

SECTION 1. Section 17139.7 is added to the Revenue and Taxation Code, to read:

17139.7. (a) For taxable years beginning on or after January 1, 2025, and before January 1, 2035, gross income does not include any qualified income received by a qualified taxpayer in a qualified taxable year, not to exceed three hundred thousand dollars ($300,000) per taxable year.

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

(1) “Disaster” has the same meaning as in Section 8680.3 of the Government Code.

(2) “Qualified income” means all taxable income earned by the taxpayer in that taxable year, not to exceed three hundred thousand dollars ($300,000) per taxable year.

(3) “Qualified taxable year” means the taxable year in which the disaster occurred and the following taxable year.

(4) “Qualified taxpayer” means any of the following:

(A) Any taxpayer who owns real property located in an area damaged by a disaster, and the real property burned or was deemed uninhabitable due to the disaster.

(B) Any taxpayer who resides within an area damaged by a disaster, and whose residential dwelling unit burned or was deemed uninhabitable due to the disaster.

(C) Any taxpayer who has a place of business within an area damaged by a disaster, and whose place of business burned or was deemed uninhabitable due to the disaster.

(c) The qualified taxpayer shall provide, upon request, all necessary information in the form and manner prescribed by the Franchise Tax Board.

(d) For purposes of complying with Section 41, with respect to this section and Section 24309.4, the Legislature finds and declares that the goal, purpose, and objective of the measure is to exempt victims of natural disasters from state income taxes to alleviate financial burdens during recovery, allowing them to focus on rebuilding their lives without the added stress of tax obligations.

(e) This section shall remain in effect only until December 1, 2035, 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, 2025, and before January 1, 2035, gross income does not include any qualified income received by a qualified taxpayer in a qualified taxable year, not to exceed three hundred thousand dollars ($300,000) per taxable year.

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

(1) “Disaster” has the same meaning as in Section 8680.3 of the Government Code.

(2) “Qualified income” means all taxable income earned by the taxpayer in that taxable year, not to exceed three hundred thousand dollars ($300,000) per taxable year.

(3) “Qualified taxable year” means the taxable year in which the disaster occurred and the following taxable year.

(4) “Qualified taxpayer” means any of the following:

(A) Any taxpayer who owns real property located in an area damaged by a disaster, and the real property burned or was deemed uninhabitable due to the disaster.

(B) Any taxpayer who has a place of business within an area damaged by a disaster, and whose place of business burned or was deemed uninhabitable due to the disaster.

(c) The qualified taxpayer shall provide, upon request, all necessary information in the form and manner prescribed by the Franchise Tax Board.

(d) This section shall remain in effect only until December 1, 2035, and as of that date is repealed.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into immediate effect.