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AB-918 Personal Income Tax Law: exclusions: first responders. (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 918

Introduced by Assembly Member Ransom

February 19, 2025

An act to add and repeal Section 17140.6 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 918, as introduced, Ransom. Personal Income Tax Law: exclusions: first responders.

The Personal Income Tax Law, in modified conformity with federal law, generally defines “gross income” as income from whatever source derived, except as specifically excluded, and provides various exclusions from gross income for purposes of computing tax liability.

This bill would, for taxable years beginning on or after January 1, 2025, and before January 1, 2030, exclude from gross income the qualified wages of a qualified first responder. The bill would define qualified wages for this purpose to mean wages earned by first responders pursuant to the provision of mutual aid to an area outside of their normal jurisdiction, and would limit the exclusion to employees of local public agencies.

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

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

SECTION 1. Section 17140.6 is added to the Revenue and Taxation Code, to read:

17140.6. (a) For taxable years beginning on or after January 1, 2025, and before January 1, 2030, gross income does not include qualified wages received by a qualified taxpayer.

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

(1) "State of emergency" and "local emergency" shall have the same meaning as defined in Section 8558 of the Government Code.

(2) "Provision of mutual aid" shall mean providing personnel, equipment, and other available resources to any affected area in accordance with Section 8631 of the Government Code.

(3) (A) "Qualified wages" means wages paid to a qualified taxpayer in relation to work performed in an area subject to a declared state of emergency or local emergency, and pursuant to the provision of mutual aid.

(B) "Qualified wages" shall not include any wages paid in relation to work performed in an area that is within the jurisdiction of the qualified taxpayer's employer, or the jurisdiction of a district or department that the qualified taxpayer regularly performs services for in the absence of a state of emergency or local emergency.

(4) "Qualified taxpayer" means a first responder, as that term is defined in subdivision (a) of Section 8562 of the Government Code, except that it shall only include employees of a local agency.

(c) (1) The Franchise Tax Board may prescribe rules, guidelines, procedures, or other guidance to carry out the purposes of this section. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code shall not apply to any rule, guideline, or procedure prescribed by the Franchise Tax Board pursuant to this section.

(2) The Franchise Tax Board may prescribe any regulations necessary or appropriate to carry out the purposes of this section, including any regulations regarding verification procedures, documentation requirements, and any other reporting requirements.

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

SEC. 2. For the purpose of complying with Section 41 of the Revenue and Taxation Code, as it relates to the exclusion provided by Section 17140.6 of that code, the Legislature finds and declares both of the following:

(a) The specific goal of the exclusions is to addresses the extraordinary circumstances faced by first responders during major disasters, providing financial recognition of their critical service during times of extreme public need.

(b) There is no available data to collect or report with respect to the exclusion added by Section 17140.6 of the Revenue and Taxation Code.

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.