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**AB-1124 Personal Income Tax Law: exclusions: first responders: overtime pay.** (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 1124**

Introduced by Assembly Member Bains

February 20, 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 1124, as introduced, Bains. Personal Income Tax Law: exclusions: first responders: overtime pay.

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 the gross income of a qualified taxpayer, as defined, for qualified overtime wages, defined to mean overtime wages paid to a qualified taxpayer in relation to work performed directly in response to, or in support of, emergency operations, as specified.

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 overtime wages received by a qualified taxpayer.

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

(1) "Qualified overtime wages" means overtime wages paid to a qualified taxpayer in relation to work performed directly in response to, or in support of, emergency operations in an area impacted by disaster during a period specified in a Presidential Major Disaster Declaration, and for 30 days after the expiration of that declaration.

(2) "Qualified taxpayer" means a first responder, as that term is defined in subdivision (a) of Section 8562 of the Government Code, that satisfies at least one of the following:

(A) Resides in a county covered by a Presidential Major Disaster Declaration.

(B) Is employed in a county covered by a Presidential Major Disaster Declaration.

(C) Is officially deployed in response to, or in support of, emergency operations specified in a Presidential Major Disaster Declaration as part of the Office of Emergency Services Law Enforcement Mutual Aid Plan.

(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.