



**COUNTY OF LOS ANGELES
LEGISLATIVE AFFAIRS & INTERGOVERNMENTAL
RELATIONS**

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**Legislative Summary / Findings
AB 46 (Ramos) – As Amended July 12, 2023
Personal Income Taxes: Exclusion: Military Services Retirement and Surviving
Spouse Benefit Payment Act**

Summary: This bill would exclude retirement pay received by a member of the Armed Forces of the United States and would exclude income annuity payments received pursuant to a U.S. Department of Defense Survivor Benefit Plan, from gross income, under the State's Personal Income Tax Law during taxable years beginning on or after January 1, 2024, and before January 1, 2034.

This bill would also require the Legislative Analyst's Office, in collaboration with the California Department of Veterans Affairs and the Franchise Tax Board, to submit a report to the Legislature on the exclusion's effectiveness.

The analysis of the effectiveness of the veterans' retirement pay exclusion would include:

- 1) An analysis of the number of retired veterans and survivor benefit plan beneficiaries taking advantage of the exclusions;
- 2) The impact of the exclusions on the economic security of retired veterans and survivor benefit plan beneficiaries in California;
- 3) The number of retired veterans and survivor benefit plan beneficiaries leaving California; and
- 4) The earned income generated by retired veterans and survivor benefit plan beneficiaries subject to State income tax under the Revenue and Taxation Code.

Commission Recommendation: Support

CEO Legislative Affairs Findings: There is not existing Board-approved policy related to excluding veterans' retirement pay or surviving spouse benefit payments from gross income in determining State personal income tax. Therefore, a County-advocacy position to support AB 46 would require a Board motion.

Bill Status: AB 46 is a two-year bill and pending in the Senate Appropriations Committee. It may be reconsidered in January 2024.

September 14, 2023