

LACVAC Recommendation #3

WHEREAS, Assembly Bill (AB) 46, referred to as the Military Services Retirement and Surviving Spouse Benefit Payment Act, was introduced on December, 5 2022;¹

WHEREAS, AB 46 Section 2(d) states “[p]roviding a state income tax exclusion to retirees of the uniformed services not only signifies the gratitude of Californians for these men and women who chose to serve our country, it also benefits the state and local economies by helping to retain skilled and motivated individuals in California.”²;

WHEREAS, AB 46 Section 2(g) also states “[t]he United States Department of Defense’s Survivor Benefit Plan allows a retiree to ensure, after death, a continuous lifetime annuity for their dependents. The maximum annuity for a spouse is based on 55 percent of the member’s retirement pay. Eligible children may also be beneficiaries. State income taxation of these funds, which are critical to the economic well-being of those who have suffered the loss of a husband, wife, father, or mother, can place the surviving family members in risk of falling into the state and local safety nets.”³;

WHEREAS, on July 19, 2023, the Veterans Advisory Commission received a briefing from the LA County CEO’s Office of Legislative Affairs & Intergovernmental Relations;⁴

WHEREAS, at that briefing, the Office of Legislative Affairs & Intergovernmental Relations provided the Commission with an update on state legislation pertaining to the military veteran community including AB 1386, SB 783, AB 718, AB 46 and AB 684;

WHEREAS, currently AB 1386, SB 783 and AB 718 have received an advocacy position of support by the County of Los Angeles;

WHEREAS, the County of Los Angeles has not taken a position in support or against AB 46 and AB 684;

WHEREAS, AB 46 has received support from the following organizations: Military Officers Association of America, California Council of Chapters Affiliated Military Officers Association of America, San Diego Military Advisory Council, Orange Empire Military Officers Club, California Enlisted Association of the National Guard of the United States, California State Commanders Veterans Council and the San Diego County Taxpayers Association⁵

THEREFORE, BE IT RESOLVED, ON SEPTEMBER 20, 2023:

Los Angeles County Veterans Advisory Commission recommends that the Los Angeles County Board of Supervisors support a motion directing the CEO’s Office of Legislative and Intergovernmental Affairs to take a policy position in support of AB-46.

¹ <https://legiscan.com/CA/drafts/AB46/2023>

² <https://legiscan.com/CA/text/AB46/2023>

³ <https://legiscan.com/CA/text/AB46/2023>

⁴ <https://youtu.be/rQtgnnBstv8?t=1366>

⁵ <https://a45.asmdc.org/press-releases/20230711-ramos-bill-exempting-military-pensions-clears-first-senate-committee>

**Los Angeles County
Veterans Advisory Commission
Recommendation 3 Signature Page**

SD 1 Commissioner – Rocio Palmero		
Yea	Nay	Abstain
DocuSigned by: <i>Rocio Palmero</i> 6270673EAE4B447...		
SD 1 Commissioner – Hugh Crooks, Jr.		
Yea	Nay	Abstain
DocuSigned by: <i>Hugh Crooks, Jr.</i> 3D6EAA170DCF488...		
SD 2 Commissioner – Patricia Jackson-Kelley		
Yea	Nay	Abstain
DocuSigned by: <i>Patricia Jackson-Kelley</i> 0D12C3E03817437...		
SD 2 Commissioner – Jawana McFadden		
Yea	Nay	Abstain
DocuSigned by: <i>Jawana McFadden</i> FAC23E4070DA4B2...		
SD 3 Commissioner – Anthony Allman		
Yea	Nay	Abstain
DocuSigned by: <i>Anthony Allman</i> 2CD7986465D6499...		
SD 3 Commissioner – VACANT		
Yea	Nay	Abstain
SD 4 Commissioner – Chi Szeto		
Yea	Nay	Abstain
DocuSigned by: <i>Chi Szeto</i> 2B39DDE0ED2E4F3...		
SD 4 Commissioner – Alfonso Noyola		
Yea	Nay	Abstain
DocuSigned by: <i>Alfonso Noyola</i> 7BEB90F8E5E5476...		
SD 5 Commissioner – John Gutierrez		
Yea	Nay	Abstain
DocuSigned by: <i>John Gutierrez</i> 99EFF05DAB05405...		
SD 5 Commissioner – Dennis Anderson		
Yea	Nay	Abstain
DocuSigned by: <i>Dennis Anderson</i> ADC0D7A0280C413...		

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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