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AB 755 – Natural Disaster Victim Tax Exemption

Summary:

AB 755 would exempt victims of governor-declared natural disasters from paying state income tax for two years—the tax year in which the disaster occurred and the following year. The exemption would apply only to individuals earning up to \$300,000 annually and residing in areas officially designated as emergency zones under Government code 8680.3

Existing Law:

California provides several forms of disaster relief, including property tax reassessments for damaged homes, tax filing extensions through the Franchise Tax Board and Disaster Unemployment Assistance for those who lose their jobs. The California Disaster Relief Fund offers financial aid for housing and essential needs, while low-interest loans are available through Cal OES and Small Business Administration.

Problem:

Natural disasters, such as wildfires, earthquakes, and floods, often leave affected individuals facing severe financial hardship with significant stress. Many residents struggle with property damage, temporary displacement, loss of income, and unexpected expenses while trying to rebuild.

Additionally, rebuilding in California is often delayed by extensive permitting requirements, and environmental regulations, which can add

significant costs and slow down reconstruction efforts. Lastly, many businesses are forced to close or operate at limited capacity due to the damage caused by disasters, leaving employees without work and a steady income. This loss of employment further compounds the financial struggles of individuals, making it even harder for them to recover. Despite these obstacles, they are still required to pay state income taxes, which can further strain their recovery efforts.

Solution:

AB 755 provides middle-class individuals, who may not qualify for substantial government aid, a solution for when they have to bear an incredibly heavy burden. These families frequently fall into a gap where they must shoulder most recovery costs on their own. This bill aims to ease that burden by providing temporary tax relief during this critical recovery period. Providing financial relief by exempting disaster victims from state income tax for two years will give individuals more time to recover financially, rebuild their homes, and stabilize their lives.

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