Senate Committee on Revenue & Taxation
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TO: People Interested in Revenue and Taxation Legislation

FROM: Senator Jerry McNerney, Chair

DATE: October 27, 2026

SUBJECT: Summary of significant legislation heard in 2026

Now that the legislative session has ended, I want you to know about some of the more interesting bills that the Senate Revenue & Taxation Committee reviewed during 2026. The following summary identifies and briefly describes the significant bills that the Committee has worked on this year. At the end of each description, the bill's status is indicated in *italics*.

If you want to read the Committee's bill analyses or get a copy of a bill listed below, please go to the Legislature's official website, leginfo.legislature.ca.gov. You can also use that website to retrieve other bill analyses, official histories, voting records, and any veto messages.

The Senate Committee on Revenue & Taxation reviews measures relating to state and local revenues and taxation. The summary below groups bills by subject.

Excise Taxes

SB 122 (Committee on Budget and Fiscal Review)* – Imposes a tax of 100% of any amount received in settlement by the Anti-Weaponization Fund established by the U.S. Department of Justice in relation to *President Donald J. Trump v. Internal Revenue Service*, or any subsequent fund, settlement, or agreement. *Chapter 23, Statutes of 2026.*

AB 1633 (Haney) – Imposes an annual tax on "private detention facility operators" equal to 25% of the operator's gross income derived from the operation of each "private detention facility" in California, administered by the California Department of Tax & Fee Administration (CDTFA). *Chapter 740, Statutes of 2026.*

AB 2250 (Aguiar-Curry) – Makes technical and conforming changes to the Cannabis Tax Law arising from enactment of AB 8 (Aguiar Curry, 2025). *Chapter 593, Statutes of 2026.*

Local Tax and Fee Authority

SB 762 (Arreguín) – Allows several jurisdictions to impose district taxes up to specified rates above the 2% countywide cap. *Chapter 109, Statutes of 2026.*

SB 1078 (Laird) – Allows the County of Santa Cruz to impose a district tax of up to 0.5% above the 2% countywide cap. *Amended by author for another purpose.*

SB 1172 (Hurtado) – Prohibits a person from paying compensation to a consultant with respect to a local tax sharing agreement that exceeds either 5% of total revenues or $250,000. *Chapter 1013, Statutes of 2026.*

SB 1408 (Arreguín) – Allows the Contra Costa County Transportation Authority to impose or extend a district tax up to 1%, above the 2% countywide cap. *Chapter 401, Statutes of 2026.*

AB 1768 (Bryan)* – Allows the counties of Contra Costa and Los Angeles to impose a district tax, by ordinance, up to 0.625% and 0.5%, respectively, above the 2% cap. *Chapter 11, Statutes of 2026.*

Personal & Corporate Income Taxes

SB 122 (Committee on Budget and Fiscal Review)* – Extends the current temporary limitation on business tax credits from the 2027 to the 2029 taxable year, with some modifications; enacts a permanent limitation on business tax credits commencing in the 2030 taxable year; and reduces the Minimum Franchise Tax for Limited Liability Companies, Limited Liability Partnerships, and Limited Partnerships from $800 to $400, commencing in the 2027 taxable year and ending after the 2029 taxable year. *Chapter 23, Statutes of 2026.*

SB 180 (Committee on Budget and Fiscal Review)* – Extends the California Competes Tax Credit, which had been set to expire after the 2029 taxable year, through the 2034 taxable year; and conforms to tax-deferred investment accounts for children enacted by Congress in 2025. *Chapter 85, Statutes of 2026.*

SB 347 (Choi) – Reduces the annual tax on partnerships and limited liability companies to $600. *Died in Senate Appropriations Committee.*

SB 353 (Alvarado-Gil) – Repeals the January 1, 2027, sunset date on the New Donated Fresh Fruit or Vegetables Credit. *Died in Assembly Revenue & Taxation Committee.*

SB 587 (Grayson) – Enacts credits against the Personal Income and Corporation Tax equal to the amount of taxes paid by a manufacturer because the current sales and use tax exemption for equipment used in manufacturing or research and development is a partial, not a full, exemption. *Died in Assembly Appropriations Committee.*

SB 785 (Caballero) – Authorizes a personal income tax credit in an amount equal to 50% of unreimbursed expenses paid or incurred by a taxpayer, up to $5,000, for the purchase of durable medical equipment for each qualifying dependent under the age of 18 with a complex medical condition. *Vetoed by Governor.*

SB 881 (McNerney) – Extends the January 1, 2027, sunset date on the New Donated Fresh Fruit or Vegetables Credit to January 1, 2032. *Chapter 657, Statutes of 2026.*

SB 984 (Ochoa Bogh) – Conforms state law to the federal deduction for tipped income. *Died in Senate Appropriations Committee.*

SB 1072 (Committee on Housing) – Updates sections of state law implementing Low-Income Housing Tax Credits to account for recent federal changes, among other technical changes. *Chapter 322, Statutes of 2026.*

SB 1084 (Alvarado-Gil) – Enacts the Fire Safe Home Tax Credits Act, which authorizes a home hardening credit and vegetation management credit against the Personal Income Tax. *Died in Senate Appropriations Committee.*

SB 1096 (Dahle) – Authorizes a personal income tax credit for seniors 65 or older with no earned income, equal to $1,500 per dependent, subject to a phase-out above specified income levels. *Died in Senate Appropriations Committee.*

SB 1102 (Dahle) – Authorizes a $2,000 personal income tax credit for licensed nurses employed full-time in a rural health facility. *Died in Senate Appropriations Committee.*

SB 1113 (Valladares) – Excludes amounts received from qualifying shipping activities from gross income subject to the Corporation Tax when a federal tonnage tax election is in effect. *Died in Senate Appropriations Committee.*

SB 1118 (Alvarado-Gil) – Authorizes a personal income tax credit for the purchase of a backup electricity generator or solar battery for use in a designated wildfire zone. *Died in Senate Revenue & Taxation Committee.*

SB 1120 (McNerney) – Extends the allocation authority for the California Competes Tax Credit for five years and allows applicants in strategic industries to elect for credits to be refundable. *Died in Senate Appropriations Committee.*

SB 1137 (Valladares) – Authorizes an above-the-line deduction up to $5,000 for unreimbursed medical costs exceeding 4% of the qualified taxpayer's adjusted gross income. *Died in Senate Appropriations Committee.*

SB 1249 (Richardson) – Authorizes an above-the-line deduction for elderly seniors equal to $3,000, subject to a phase-out above specified income levels. *Died in Assembly Revenue & Taxation Committee.*

SB 1277 (Grove) – Authorizes a refundable personal income tax credit for taxpayers based on their income. *Died in Senate Revenue & Taxation Committee.*

SB 1287 (Hurtado) – Authorizes tax credits for Class II or III shortline railroads in an amount equal to 50% of the qualified shortline railroad expenditures and 50% of the qualified new rail infrastructure expenditures. *Died in Senate Appropriations Committee.*

SB 1329 (McNerney) – Enacts a specific valuation methodology for active solar energy systems. *Died in Assembly Appropriations Committee.*

SB 1343 (Dahle) – Authorizes a tax credit in an amount equal to the amount of sales tax reimbursement and use tax paid to replace qualified tangible personal property or rebuild a residence damaged or destroyed by a natural disaster. *Died in Senate Appropriations Committee.*

SB 1407 (Archuleta) – Increases the maximum personal income tax exclusion in the Military Services Retirement and Surviving Spouse Benefit Payment Act from $20,000 to $40,000. *Died in Assembly Appropriations Committee.*

SB 1435 (Committee on Revenue & Taxation) – Makes technical and conforming changes to several provisions of the Revenue & Taxation Code as a result of SB 711 (McNerney, 2025). *Chapter 236, Statutes of 2026.*

SB 1436 (Committee on Revenue & Taxation) – Conforms state law to recent changes in federal law that allowed increased contributions to an ABLE account. *Chapter 714, Statutes of 2026.*

AB 186 (Committee on Budget)* – Makes several changes to the Motion Picture and Television Production Credit, including to extend carry forward provisions, reduce the discount and refundable period for taxpayers electing refundable credits, and remove credits generated by independent films from the temporary and permanent business credit limits. *Chapter 85, Statutes of 2026.*

AB 760 (Ta) – Enacts Personal Income and Corporation Tax exclusions for settlement payments made in connection with the 2026 Garden Grove chemical leak. *Vetoed by Governor.*

AB 817 (Mark González) – Enacts Personal Income and Corporation Tax exclusions for settlement payments made in connection with the 2026 Boyle Heights fire incident. *Chapter 493, Statutes of 2026.*

AB 1265 (Haney) – Maintains the state's modified conformity to the federal Historic Tax Credit and extends it through the 2030 taxable year. *Chapter 515, Statutes of 2026.*

AB 1519 (Gipson) – Redefines tax liability, for purposes of triggering the 20-year statute of limitations applicable to the Franchise Tax Board's (FTB's) collection of tax liabilities, to exclude interest, penalties, costs, or fees. *Chapter 518, Statutes of 2026.*

AB 1675 (Lee)* – Enacts the No Tax Breaks for U.S. Immigration and Customs Enforcement's (ICE) Contractors Act of 2026. *Died in Senate Revenue & Taxation Committee.*

AB 2186 (McKinnor) – Enacts Personal Income and Corporation Tax exclusions for any reparations benefit or payment received by a taxpayer from a local, state, or federal reparations program. *Vetoed by Governor.*

AB 2222 (Ward) – Authorizes a refundable credit under the Personal Income Tax and Corporation Tax Laws to local news organizations to hire journalists working in California; conforms to limitations in federal law on deductions for executive compensation. *Chapter 849, Statutes of 2026.*

AB 2319 (Schultz) – Enacts the California Postproduction Tax Credit program, authorizing a credit under the Personal Income Tax Law and the Corporation Tax Law, for qualified expenses relating to the postproduction of a qualified motion picture in California. *Chapter 343, Statutes of 2026.*

AB 2403 (Elhawary) – Enacts Personal Income and Corporation Tax credits for commercial production companies that produce commercials in California. *Died in Senate Appropriations Committee.*

AB 2465 (Ortega) – Makes some business entities with specified relationships to private prisons or immigration enforcement agencies ineligible for state-provided loans, grants, or tax credits. *Vetoed by Governor.*

Property Taxes

SB 288 (Seyarto) – Extends the time period in which a property subject to a probate court order may be transferred to qualify for Proposition 19's (2020) intergenerational transfer change in ownership exclusion. *Died in Assembly Committee on Appropriations.*

SB 296 (Archuleta) – Provides a 50% exemption on the first $1 million in value for those disabled veterans qualifying for the basic exemption, and a full exemption on the first $1 million in value for those disabled veterans qualifying for the "low-income" exemption. *Chapter 727, Statutes of 2026.*

SB 420 (Padilla) – Disqualifies property, or any portion thereof, operated as a detention facility from eligibility for the welfare exemption from property tax. *Chapter 750, Statutes of 2026.*

SB 623 (Archuleta) – Amends the homeowners' property tax exemption to allow a property that receives the homeowners' exemption to also receive the disabled veterans' or veterans' exemption. *Amended by author for another purpose.*

SB 888 (Seyarto) – Provides that "household income" does not include service-connected disability payments when determining whether the low-income disabled veterans' exemption applies. *Died in Assembly Appropriations Committee.*

SB 974 (Seyarto) – Modifies the definition of "transfer" in statute implementing Proposition 19 (2020) to explicitly reference Special Needs Trusts. *Chapter 665, Statutes of 2026.*

SB 1053 (Niello) – Allows boards of supervisors in counties affected by disasters to extend two property tax deadlines for three years by ordinance. *Died in Assembly Appropriations Committee.*

SB 1352 (Valladares) – Provides that a property damaged or destroyed in a Governor-declared disaster that is subsequently rebuilt can maintain its pre-disaster base year value if the size of the reconstructed property is 110% of the size of the damaged or destroyed property. *Died in Senate Appropriations Committee.*

SB 1415 (Arreguín) – Creates an alternate welfare exemption equal to the percentage that the number of units serving low- and moderate-income households represents out of the total number of residential units. *Died in Senate Committee on Appropriations.*

SB 1437 (Committee on Revenue & Taxation) – Extends the sunset dates for the specific valuation methodology for intercounty pipeline rights-of-way for five years, through the 2030-31 fiscal year. *Chapter 63, Statutes of 2026.*

SCA 4 (Archuleta) – Amends the California Constitution to allow additional property tax benefits for taxpayers eligible for the disabled veterans' or veterans' exemptions from property tax. *Died in Senate Appropriations Committee.*

AB 672 (Caloza) – Extends the Community Land Trust welfare exemption from property tax for five years. *Chapter 868, Statutes of 2026.*

AB 1294 (Haney) – Creates an alternate welfare exemption for rental housing equal to the percentage that the number of units serving low- and moderate-income households represents out of the total number of residential units for qualifying properties in the Counties of Alameda and Sacramento, and the City and County of San Francisco. *Chapter 778, Statutes of 2026.*

AB 1485 (Macedo) – Exempts tribal land return transactions from the documentary transfer tax; enacts a property tax exemption parallel to the current exemption for open space lands for properties owned and operated by a federally recognized Indian tribe or its wholly owned subsidiary. *Chapter 2, Statutes of 2026.*

AB 1668 (Pellerin) – Extends the sunset date on the welfare exemption for open space lands owned by non-profit charitable organizations for five years. *Chapter 814, Statutes of 2026.*

AB 2022 (Jeff Gonzalez) – Enacts a substitute disabled veterans' exemption, equal to either a full exemption for those currently qualifying for the "low-income" exemption, or 50% of the value for those currently qualifying for the "basic" exemption. *Died in Senate Appropriations Committee.*

AB 2089 (Ward) – Makes several changes to the welfare exemption from property tax for affordable rental housing, including to require that counties issue forms to qualify eligibility by the November 15th before the lien date. *Chapter 577, Statutes of 2026.*

AB 2167 (Macedo) – Clarifies that nonprofit tribal corporations and wholly owned tribal entities are eligible for the welfare exemption from property tax and exemption from Documentary Transfer Tax enacted by AB 1485 (Macedo, 2026). *Chapter 584, Statutes of 2026.*

AB 2172 (Gipson) – Enacts an alternative process for counties with a population of more than 500,000 to consider assessment appeals by providing for the appointment of "assessment appeals commissioners," to hear all assessment appeals. *Chapter 585, Statutes of 2026.*

AB 2705 (Dixon)* – Limits the validity of agreements between asset locators and parties of interest to locate, deliver, or recover excess proceeds from tax sales. *Died in Senate Committee on Revenue & Taxation.*

Sales & Use Taxes

SB 122 (Committee on Budget and Fiscal Review)* – Expands the Sales and Use Tax to apply to digital products, specifically to include prewritten computer software transferred on tangible storage media, transferred electronically, or accessed remotely, with some exemptions, effective January 1, 2027. *Chapter 23, Statutes of 2026.*

SB 1151 (Cervantes) – Clarifies that infant formula is an exempt food product not subject to sales and use tax. *Chapter 680, Statutes of 2026.*

SB 1275 (McNerney) – Enacts a State General Fund-only sales tax exemption for the purchase of a new motor vehicle, and in lieu imposes a new Vehicle License Fee in an amount equal to the exempted sales tax. *Died in Senate Committee on Appropriations.*

SB 1424 (Archuleta) – Expands the partial sales and use tax exemption for manufacturing equipment to include the processing of hydrogen or electricity sold by a qualified person, as defined, for the purposes of fueling or charging a vehicle. *Died in Assembly Revenue & Taxation Committee.*

AB 2641 (Michelle Rodriguez) – Extends the sunset on the sales and use tax exemption for customers who repurchase their property from a pawnbroker until January 1, 2032. *Chapter 76, Statutes of 2026.*

Special Taxes & Fees

SB 328 (Grayson) – Makes changes to the Hazardous Waste Generation Fee and requires the Department of Toxic Substances Control to provide requestors notices regarding actions in its review process. *Amended by the author for another purpose.*

SB 1404 (Stern) – Ends the suspension of the State Responsibility Area Fire Prevention Fee, effective January 1, 2027. *Died in Senate Appropriations Committee.*

Tax Administration

SB 661 (Hurtado) – Redirects revenues attributable to sales taxes on jet fuel from the General Fund to the Aeronautics Division in the California Department of Transportation for allocation to California airports, and sets forth an allocation formula for the Aeronautics Division to use for annual allocations. *Vetoed by Governor.*

SB 999 (Weber-Pierson) – Changes the due date from March 1 to April 1 for the FTB to report to the Legislature specific information regarding California's minimum essential health coverage requirement and individual shared responsibility penalty. *Chapter 671, Statutes of 2026.*

SB 1124 (Archuleta) – Requires the California Department of Public Health to develop signage for lung cancer screening; directs licensed tobacco retailers to display the signage or be subject to a civil penalty imposed by the California Department of Tax and Fee Administration (CDTFA). *Chapter 726, Statutes of 2026.*

SB 1165 (Caballero) – Adds CDTFA to the list of agencies where the Contractors State License Board's registrar can suspend or refuse to issue, reinstate, reactivate, or renew a license for the failure of a licensee to resolve all outstanding final tax liabilities. *Chapter 111, Statutes of 2026.*

SB 1314 (Menjivar) – Enacts the Youth Over Smoke Act, which limits the location and operation of smoke shops, as defined, enforced in part by CDTFA. *Died in Assembly Appropriations Committee.*

SB 1349 (Gonzalez) – Directs the Legislative Analyst's Office to comprehensively assess the state's major tax expenditures, as defined, issue a report, and make a recommendation to the Legislature. *Chapter 433, Statutes of 2026.*

SB 1406 (McNerney) – Allows CDTFA to hold personally liable any officer, manager, partner, beneficial owner, or member of a shell company for any unpaid taxes on the purchase of a vehicle, vessel, or aircraft. *Chapter 1036, Statutes of 2026.*

SB 1436 (Committee on Revenue & Taxation) – Revises the definition of "good standing" under the accelerated remittance program exemption and authorizes CDTFA to reinstate a revoked exemption. *Chapter 714, Statutes of 2026.*

AB 762 (Irwin) – Prohibits the manufacture, import, sale, distribution, or offering for sale of disposable, battery-embedded vapor inhalation devices containing a tobacco product. Permits CDTFA to revoke or suspend the license of a tobacco retailer in violation of the ban. *Chapter 717, Statutes of 2026.*

AB 1793 (Ward) – Requires a merchant doing business in this state to determine the total price of goods or services paid entirely in cash or coin by rounding to the nearest amount divisible by five. *Chapter 896, Statutes of 2026.*

AB 2084 (Bauer-Kahan) – Provides the FTB with the discretion to maintain the tax-exempt status of a 501(c)(3) nonprofit whose federal tax-exempt status was revoked. *Chapter 921, Statutes of 2026.*

AB 2650 (Pellerin) – Enacts the Savings Access and Vested Empowerment for All Workers Act and makes several programmatic changes to the CalSavers Program and FTB collection notices. *Died in Senate Committee on Appropriations.*

AB 2667 (Hadwick) – Prohibits the sale, distribution, and advertising of vape products in this state that imitate a product that is not a vape product to conceal the nature of the vape product from parents, teachers, or other adults, among other changes. Permits CDTFA to revoke or suspend the license of a tobacco retailer in violation of the ban. *Chapter 722, Statutes of 2026.*

Tax Forms

SB 575 (Laird) – Reestablishes the California Sea Otter Voluntary Tax Contribution Fund (VCF); authorizes a taxpayer to make a voluntary contribution to the fund on their state personal income tax return for tax years 2026 through 2033. *Chapter 145, Statutes of 2026.*

SB 881 (McNerney) – Extends the January 1, 2026, repeal date for the Emergency Food for Families VCF to January 1, 2033. *Chapter 657, Statutes of 2026.*

SB 1073 (Smallwood-Cuevas) – Establishes the Black Cultural District VCF; authorizes a taxpayer to make a voluntary contribution to the fund on their state personal income tax return for tax years 2026 through 2032. *Chapter 1003, Statutes of 2026.*

AB 611 (Lee) – Establishes the California Spinal Cord Injury Research VCF and authorizes a taxpayer to make a voluntary contribution to the fund on their state personal income tax return from tax year 2027 to 2033. *Chapter 264, Statutes of 2026.*

* = Bill was never heard in the Senate Revenue & Taxation Committee

To read and retrieve copies of the Senate Revenue and Taxation Committee's detailed reference materials and other publications, please go to the Committee's website: http://srev.senate.ca.gov