

**Senate Committee on Revenue & Taxation
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TO: People Interested in Revenue and Taxation Legislation
FROM: Senator Jerry McNerney, Chair
DATE: October 21, 2025
SUBJECT: Summary of significant legislation heard in 2025

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 2025. 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 94 \(Strickland\)](#) – eliminates the 25% continuous appropriation from the Greenhouse Gas Reduction Fund to the High-Speed Rail Authority, redirects those proceeds to the Motor Vehicle Fuel Account, and directs the California Department of Tax and Fee Administration to reduce the per-gallon Motor Vehicle Fuel Tax excise tax rate to account for the redirected proceeds. *Failed passage in Senate Revenue and Taxation Committee. Reconsideration granted.*

[SB 359 \(Niello\)](#) – adds counties into the definition of exempt bus operator in the Diesel Fuel and Use Fuel Tax Laws. *Chapter 217, Statutes of 2025.*

[AB 8 \(Aguiar-Curry\)](#) – adds specified new products derived from industrial hemp into the cannabis excise tax base; restricts retail cigarette and tobacco products retail licensees from engaging in cannabis sales; makes several changes to current law regulating cannabis products to incorporate specified products derived from industrial hemp. *Chapter 248, Statutes of 2025.*

[AB 564 \(Haney\)](#) – delays the effective period of an increase in the Cannabis Excise Tax from the 2025-26 fiscal year to the 2028-29 fiscal year, effective October 1, 2025. *Chapter 127, Statutes of 2025.*

[AB 573 \(Rogers\)](#) – increases fees for new or renewed retail licenses under the Cigarette and Tobacco Products Licensing Act from \$265 to \$450, as of July 1, 2026, and up to \$600 by regulation. *Chapter 269, Statutes of 2025.*

Local Tax and Fee Authority

[SB 63 \(Wiener\)](#) – creates the Transit Revenue Measure District to include specified counties, allows it to impose a district tax in specified percentages in specific counties either directly or by voter initiative in excess of the 2% countywide cap, sets forth election procedures, establishes revenue allocation priorities, and enacts financial efficiency review and regional transportation management provisions. *Chapter 740, Statutes of 2025.*

[SB 333 \(Laird\)](#) – allows the San Luis Obispo Council of Governments to impose a district tax, by ordinance, of up to 1% even if it exceeds the 2% cap. *Chapter 750, Statutes of 2025.*

[AB 761 \(Addis\)](#) – allows the Monterey-Salinas Transit District to impose a district tax in excess of the 2% countywide cap; modifies the District's procedure for placing a measure that imposes the tax on the ballot. *Chapter 706, Statutes of 2025.*

[AB 1223 \(Nguyen\)](#) – adds authority for the Sacramento Transportation Authority (STA) to enact a tax and expenditure plan in a portion of the county, and also allows STA to issue bonds to finance the costs of high-occupancy toll lanes. *Chapter 724, Statutes of 2025.*

Personal & Corporate Income Taxes

[SB 1 \(Seyarto\)](#) – enacts the Military Services Retirement and Surviving Spouse Benefit Payment Act, which excludes two forms of military retirement income from state income tax. *Held in Senate Appropriations Committee; subsequently enacted in SB 132 (Committee on Budget & Fiscal Review).*

[SB 17 \(Ochoa Bogh\)](#) – enacts an exclusion from income for state tax purposes for tips; removes tips from the definition of wages for employment tax purposes. *Held in Senate Appropriations Committee.*

[SB 132 \(Committee on Budget & Fiscal Review\)*](#) – extends the elective Pass-Through Entity Tax from 2026 to 2030, and allows taxpayers who do not make a prepayment to elect to pay the tax with a 12.5% reduction in the credit for taxes paid; increases the amount of tax credits available annually for allocation in the California Film and Tax Credit Program 4.0 from \$330 million to \$750 million for each fiscal year from 2025-26 through 2029-30; excludes from gross income retirement pay or benefits paid pursuant to a United States Department of Defense Survivor Benefit Plan, up to \$20,000 for individuals and surviving spouses whose adjusted gross income does not exceed \$125,000, or \$250,000 for taxpayers filing jointly, for the same taxable year; excludes from gross income settlement amounts received in connection with a wildfire in the state, applicable for the 2021 through 2030 taxable years; requires financial institutions to use a single sales factor apportionment formula for purposes of apportioning multi-state income for taxable years beginning January 1, 2025 or later; allows the California Department of Tax and Fee Administration (CDTFA) to exempt used car dealers from the requirement to file a separate return with CDTFA when used motor vehicles are sold at a retail establishment; recasts and restates the authority for the County of Sonoma, or any city within that county, and the Sonoma County Transportation Authority to increase a transactions and use tax to exceed the 2% cap; makes additional technical, clarifying, and conforming changes. *Chapter 17, Statutes of 2025.*

[SB 159 \(Committee on Budget & Fiscal Review\)*](#) – clarifies terms and definitions in SB 132's exclusion for income from settlements received in connection with a wildfire. *Chapter 112, Statutes of 2025.*

[SB 267 \(Choi\)](#) – authorizes a Personal Income tax credit up to \$250 for unreimbursed costs paid by a K through 12 teacher in a public, charter, or private school for instructional materials and classroom supplies, as defined. *Held in Senate Appropriations Committee.*

[SB 268 \(Choi\)](#) – enacts a Personal Income and Corporation Tax exclusion for settlement payments received by a taxpayer to replace property damaged or destroyed by a disaster, or accidental or human-caused event, for which a state of emergency or local emergency was proclaimed by the Governor. *Held in Senate Appropriations Committee; subsequently enacted with modifications in SB 132 (Committee on Budget & Fiscal Review).*

[SB 269 \(Choi\)](#) – enacts the Fire Safe Home Tax Credits Act, which authorizes a home hardening credit and vegetation management credits against the Personal Income Tax, beginning on or after January 1, 2026, and before January 1, 2031. *Held in Senate Appropriations Committee.*

[SB 302 \(Padilla\)](#) – conforms state law to specific Internal Revenue Code sections added by the Inflation Reduction Act of 2022, relating to renewable energy development. *Chapter 215, Statutes of 2025.*

[SB 353 \(Alvarado-Gil\)](#) – extends the sunset date of the Donated Fresh Fruits and Vegetables Credit by 5 years through the 2031 taxable year. *Held in Assembly Revenue and Taxation Committee.*

[SB 376 \(Valladares\)](#) – amends the income exclusion requirement that applies to Incomplete Gift Nongrantor Trusts (INGs) to provide that the definition of an ING does not include a trust, or portion of a trust, that qualifies as a charitable remainder trust. *Chapter 410, Statutes of 2025.*

[SB 529 \(Choi\)](#) – authorizes a deduction against gross income equal to the contribution made to a California qualified tuition program, not to exceed \$5,000 or \$10,000, as provided, beginning on or after January 1, 2026. *Failed passage in Senate Revenue and Taxation Committee. Reconsideration granted.*

[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. *Senate Appropriations Committee.*

[SB 630 \(Allen\)](#) – makes several changes to Film and Television Production Tax Credit 4.0, as well as the soundstage tax credit program to implement SB 132's increased authorization. *Amended by author for another purpose.*

[SB 657 \(Niello\)](#) – excludes from gross income a special rollover distribution, made after January 1, 2025, and before January 1, 2030, from a qualified tuition program, including a ScholarShare account, to a Roth Individual Retirement Account. *Held in Senate Appropriations Committee.*

[SB 665 \(Choi\)](#) – enacts a Personal Income and Corporation tax credit up to \$10,000 for taxpayers incurring qualified expenses to install retail theft prevention measures. *Failed passage in Senate Revenue and Taxation committee. Reconsideration granted.*

[SB 666 \(Choi\)](#) – enacts a Personal Income tax credit of up to \$250 for expenses in a taxable year for the purchase and installation of a security surveillance system at a taxpayer's qualified residence. *Failed passage in Senate Revenue and Taxation committee. Reconsideration granted.*

[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.*

[AB 27 \(Schiavo\)](#) – enacts a Personal Income and Corporation Tax income exclusion for any Chiquita Canyon elevated temperature landfill event payment amount received by a taxpayer, on

or after March 1, 2024, and before January 1, 2029, and establishes that these payment amounts are excluded from income for determining certain state benefits. *Senate Appropriations Committee; enacted with modifications by SB 132 (Committee on Budget & Fiscal Review).*

[AB 130 \(Committee on Budget\)*](#) – among other provisions, increases the Renter’s tax credit contingent on enactment in the Budget Act. *Chapter 22, Statutes of 2025.*

[AB 480 \(Quirk-Silva\)](#) – removes the requirement that a developer must elect to sell Low-Income Housing Tax Credits in its credit application. *Chapter 492, Statutes of 2025.*

[AB 1138 \(Zbur\)](#) – makes several changes to Film and Television Production Tax Credit 4.0, as well as the soundstage tax credit program, to implement SB 132’s increased authorization. *Chapter 27, Statutes of 2025.*

[AB 1377 \(McKinnor\)](#) – prospectively removes the option for applicants to make a good faith effort to meet the diversity goals in their diversity work plans to receive the additional 4% of credit value. *Senate Inactive File.*

Property Taxes

[SB 23 \(Valladares\)](#) – enacts a full exemption from property tax for disabled veterans. *Senate Military & Veterans’ Affairs Committee.*

[SB 56 \(Seyarto\)](#) – provide that “household income” does not include service-connected disability payments when determining whether the low-income disabled veterans’ exemption applies. *Held in Assembly Revenue and Taxation Committee.*

[SB 284 \(Seyarto\)](#) – enacts a new change in ownership exclusion for transfers between eligible transferees (parent, child, or grandchild) during the one-year period that Proposition 19 sets for an eligible transferee to reside in the property to be eligible for the exclusion; resets the start date for the one-year period under Prop. 19 to establish residency in the transferred property to the effective date of the final judicial decree in a Probate case. *Held in Assembly Revenue & Taxation Committee.*

[SB 293 \(Pérez\)](#) – extends the current six-month deadline to three years from the date of notice for supplemental assessment under Propositions 58 and 19 for taxpayers whose property has been reassessed due to the 2025 Los Angeles County Fires and where no instrument evidencing a change in ownership has been recorded. *Chapter 539, Statutes of 2025.*

[SB 296 \(Archuleta\)](#) – enacts a full exemption from property tax for disabled veterans. *Held in Assembly Revenue and Taxation Committee.*

[SB 336 \(Wiener\)](#) – creates an alternate welfare exemption from property tax equal to the percentage that the number of units serving low- and moderate-income households represents out of the total number of residential units. *Held in Senate Appropriations Committee.*

[SB 566 \(Grove\)](#) – enhances the value of the homeowners’ property tax exemption and renter’s income tax credit for taxpayers over the age of 62. *Failed passage in Senate Revenue and Taxation Committee. Reconsideration granted.*

[SB 592 \(Smallwood-Cuevas\)](#) – enacts change in ownership exclusions when a Limited Equity Housing Cooperative comprised of current tenants or a Community Land Trust acquire real property used for rental housing. *Held in Senate Appropriations Committee.*

[SB 603 \(Niello\)](#) – allows a county board of supervisors of any county affected by a disaster or state of emergency declared by the Governor to extend the five-year time period to transfer the base year value of property substantially damaged or destroyed. *Held in Assembly Appropriations Committee.*

[SB 663 \(Allen\)](#) – extends deadlines for two property tax relief provisions for taxpayers affected by fires in Los Angeles and Ventura Counties; directs the assessor to deem that a property that received a welfare exemption continues to be used exclusively for its welfare exempt purposes if the same fires named above damaged the property so badly that is no longer being used for its exempt purpose; and deems a property as a principal place of residence of a disabled veteran when a dwelling on the property was completely destroyed in a disaster for which the Governor proclaimed a state of emergency. *Chapter 549, Statutes of 2025.*

[SB 710 \(Blakespear\)](#) – restates provisions of current law ensuring that any newly constructed active solar energy system that qualifies under the current exclusion before January 1, 2027, continues to do so after the exclusion ceases to remain in effect, until there is a subsequent change in ownership. *Chapter 328, Statutes of 2025.*

[SB 723 \(Choi\)](#) – increases the threshold for the Low-Value Ordinance Exemption for real property from \$10,000 to \$25,000. *Held in Assembly Revenue and Taxation Committee.*

[AB 245 \(Gipson\)](#) – extends the five-year deadline to eight years to reconstruct without reassessment, and allows the assessor to reduce valuations for properties partially damaged more quickly, as a result of the Los Angeles Fires in January 2025. *Chapter 530, Statutes of 2025.*

[AB 985 \(Schiavo\)](#) – provides that pursuant to Proposition 8 (1978), the assessor must reassess each property located within a five mile radius of the center of the Chiquita Canyon Landfill in the County of Los Angeles to reflect any decline in the value of the property arising from the Chiquita Canyon elevated temperature event, retroactive to January 1, 2022; permits tax collectors not to impose penalties for failures to make a timely payment of property taxes due to a documented hardship arising from the event; suspends payment of taxes due pursuant to the optional four-year payment period for escape assessment and provides that the tax collector shall not consider in default a redemption installment plan for which all payments due on or before January 7, 2025 have been timely paid, for property within a five mile radius of the center of the Chiquita Canyon Landfill. *Chapter 174, Statutes of 2025.*

[AB 1416 \(Ta\)](#) – provides that an installment plan can also be requested, not just be in existence, to be eligible for a one-year deferral in the event that the property incurred damage as a result of a disaster. *Chapter 69, Statutes of 2025.*

[AB 1485 \(Macedo\)](#) – exempts tribal land return transactions from the documentary 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. *In Assembly. Concurrence in Senate amendments pending.*

[AB 1516 \(Comm. on Rev. & Tax\)](#) – provides that property owners have three years from the date of purchase to file a claim for the active solar energy exclusion that applies retroactively to the date construction is completed; applies provisions that allow for the cancellation or refund of property taxes, penalties, or interest imposed on an organization qualified for the welfare exemption to organizations qualified for the school exemption, including those that apply to supplemental assessments. *Chapter 72, Statutes of 2025.*

Sales & Use Taxes

[SB 86 \(McNerney\)](#) – extends until January 1, 2028, the sunset date for the California Alternative Energy and Advanced Transportation Authority’s sales and use tax exclusion program, and adds fusion energy as an eligible alternative source. *Chapter 211, Statutes of 2025.*

[SB 87 \(Seyarto\)](#) – extends the sunset provision for the designation of a qualifying volunteer fire department as a consumer, not a retailer, under the Sales and Use Tax Law, until January 1, 2031. *Chapter 212, Statutes of 2025.*

[SB 419 \(Caballero\)](#) – enacts a state General Fund-only (3.9375%) sales and use tax exemption for purchases of hydrogen fuel made on or after July 1, 2026. *Vetoed.*

[SB 696 \(Alvarado-Gil\)](#) – enacts a state General Fund-only (3.9375%) sales and use tax exemption for firefighting apparatus, equipment, or specialized vehicles, as defined, purchased by a fire department, including an all-volunteer fire department, or a fire protection district beginning July 1, 2026, and before January 1, 2031. *Held in Senate Appropriations Committee.*

[SB 752 \(Richardson\)](#) – extends the state General Fund-only (3.9375%) sales and use tax exemption for public transportation agencies to purchase zero-emission vehicles from January 1, 2026, to January 1, 2028. *Held in Senate Appropriations Committee.*

Special Taxes & Fees

[SB 328 \(Grayson\)](#) – caps the Hazardous Waste Generation Fee at specified amounts for certain development projects, and requires the Department of Toxic Substances Control to provide requestors notices regarding actions in its review process. *Assembly Appropriations Committee.*

[AB 330 \(Rogers\)](#) – extends the sunset date of the Local Prepaid Mobile Telephony Services Collection Act from January 1, 2026, to January 1, 2031. *Chapter 553, Statutes of 2025.*

Tax Administration

[SB 591 \(Valladares\)](#) – caps the percentage-based failure to pay electronically penalty for Personal Income and Corporation Tax taxpayers. *Held in Assembly Appropriations Committee.*

[SB 661 \(Hurtado\)](#) – redirects revenues attributable to sales taxes on jet fuel from the General Fund to the Aeronautics Division for allocation to California airports, and sets forth an allocation formula for the Aeronautics Division to use for annual allocations. *Assembly Revenue and Taxation Committee.*

[SB 711 \(McNerney\)](#) – updates the conformity date to the Internal Revenue Code (IRC) set by the Revenue and Taxation Code from January 1, 2015, to January 1, 2025; enacts modifications and departures from changes in the IRC. *Chapter 231, Statutes of 2025.*

[SB 799 \(Allen\)](#) – amends the California False Claims Act to apply to claims, records, obligations, or statements made under the Revenue and Taxation Code. *Failed passage in Senate Revenue and Taxation Committee. Reconsideration granted.*

[SB 863 \(Comm. on Rev. & Tax\)](#) – makes two changes to property tax collection law regarding tax payments without postmarks and flexibility for tax collectors to continue a tax sale when a taxing entity agrees to reduce or remove a direct charge from the tax bill; changes the operative date of a new district tax ordinance to commence after the vote on the ordinance instead of the local agency's adoption of the ordinance; updates references in the Cigarette and Tobacco Products Law from the Board of Equalization to CDTFA, and adds references to Motion Picture and Television Production Credit 3.0 to a section of the Corporation Tax Law enacted by AB 1138 (Zbur) to clarify credit assignments made by single member limited liability companies disregarded for federal purposes. *Chapter 462, Statutes of 2025.*

[AB 258 \(Connolly\)](#) – increases the amount the Governor must propose to distribute to the California Department of Food and Agriculture for allocation to fairs in the annual Governor's Proposed Budget. *Chapter 683, Statutes of 2025.*

[AB 418 \(Wilson\)](#) – enacts new requirements on counties before a property can be sold pursuant to a Chapter 8 tax sale. *Chapter 149, Statutes of 2025.*

[AB 703 \(Lee\)](#) – establishes the California Pediatric Cancer Research Voluntary Tax Contribution Fund and authorizes a taxpayer to make a voluntary contribution to the fund on their state personal income tax return from tax year 2025 to 2032. *Chapter 63, Statutes of 2025.*

[AB 829 \(Sharp-Collins\)](#) – establishes the Parkinson's Disease Research Voluntary Tax Contribution Fund; authorizes a taxpayer to make a voluntary contribution to the fund on their state personal income tax return from tax year 2025 to 2032. *Chapter 99, Statutes of 2025.*

[AB 1076 \(Addis\)](#) – authorizes the CalABLE Board to accept legislative appropriations and money from philanthropic entities, utilize funds to promote awareness of ABLE accounts, and enter partnerships; requires the FTB to revise the personal income tax return form to include

information on deposit refunds into a California ABLE Program Trust. *Chapter 722, Statutes of 2025.*

[AB 1518 \(Comm. on Rev. & Tax\)](#) – allows certain nonresident taxpayers who do not have a Social Security Number or individual tax identification number to file state returns or be included on a group return, and authorizes an exemption from quarterly estimate payments for these taxpayers included on a group return. *Chapter 73, Statutes of 2025.*

* = 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: <u>http://srev.senate.ca.gov</u>
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