



## Bill Analysis

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Sponsor:

Bill Number: AB 2219

Related Bills: See Legislative  
History

Amended: April 22, 2024

### SUBJECT

Security Surveillance System Tax Credit

### SUMMARY

Under the Personal Income Tax Law (PITL), this bill would allow for a credit against net tax for the purchase and installation of a security surveillance system.

### RECOMMENDATION

No position—The Franchise Tax Board (FTB) has not formally voted or taken a position on this bill.

### SUMMARY OF AMENDMENTS

The April 22, 2024, amendments made various changes, including the adoption of several technical amendments proposed by the FTB's analysis of the bill as introduced February 7, 2024. The amendments:

- Added a definition of "primary residence,"
- Changed the due date for which the FTB must report credit performance indicators to the Legislature,
- Clarified that if an individual filed a separate return when it was possible to file a joint return, only one of the taxpayers may claim the security surveillance system tax credit, and
- Replaced the term "received" with "claimed" for purposes of FTB's reporting on the credit.

The April 22, 2024, amendments resolved all the implementation and technical considerations discussed in the FTB's analysis of the bill as introduced on February 7, 2024. However, additional technical considerations are added in this analysis.

## REASON FOR THE BILL

The reason for the bill is to assist California residents in affording the cost of a home security surveillance system.

## ANALYSIS

Under the PITL, this bill allows a tax credit for the purchase and installation of a security surveillance system for taxable years beginning on or after January 1, 2025, and before January 1, 2030. The credit would be equal to 100% of the amount paid or incurred during the taxable year for the purchase and installation of a security surveillance system at the taxpayer's qualified residence. The credit would be limited to a maximum of two hundred and fifty dollars (\$250) per taxable year.

Each qualified residence would only be eligible for one credit per taxable year. If an individual has filed a separate return for a taxable year for which they could have filed a joint return, only one of the taxpayers may claim the credit.

Unused credits would have an unlimited carryover period.

The bill defines the following terms:

- "Security surveillance systems" means any video, audio, or photographic recording devices installed for purposes of surveilling or recording activity occurring at the qualified residence.
- "Qualified residence" means a single-family residence located in the state that is the taxpayer's primary residence.
- "Primary residence" has the same meaning as "principal residence," as that term is used in subdivision (k) of Section 3 of Article XIII of the California constitution.

This credit would be repealed on December 1, 2030.

The bill includes Revenue and Taxation Code section 41 requirements that would provide that the measurement of effectiveness of the credit would be the number of taxpayers that claimed the credit. The FTB would be required to annually report to the legislature the credit data beginning no later than June 30, 2027, and each June 30 thereafter.

### *Effective/Operative Date*

As a tax levy, this bill would be effective immediately upon enactment, and specifically operative for taxable years beginning on or after January 1, 2025, and before January 1, 2030.

*Federal/State Law*

Existing federal and state laws provide various tax credits designed to provide tax relief for taxpayers who incur certain expenses (e.g., child adoption) or to influence behavior, including business practices and decisions (e.g., research credits or hiring credits). These credits generally are designed to provide incentives for taxpayers to perform various actions or activities that they may not otherwise undertake.

Current state and federal laws generally allow taxpayers engaged in a trade or business to deduct all expenses that are considered ordinary and necessary in conducting that trade or business.

Currently, there are no federal or state credits comparable to the credit this bill would create.

*Implementation Considerations*

None noted.

*Technical Considerations*

For consistency of terminology, consider replacing the following terms:

- "Individual" with "taxpayer," and
- "Primary residence" with "principal residence as that term is used Section 121 of the Internal Revenue Code."

*Policy Considerations*

None noted.

**LEGISLATIVE HISTORY**

AB 54 (Steinorth, 2017/2018) would have on and after January 1, 2017, and before January 1, 2022, allowed a deduction for the amount paid or incurred by a taxpayer for the purchase and installation of a security fence, a security alarm system, or a security surveillance system at the taxpayer's qualified residence, not to exceed \$500. The bill was held in the Assembly Appropriations Committee's Suspense File and did not pass out of the Assembly.

**PROGRAM BACKGROUND**

None noted.

**OTHER STATES' INFORMATION**

None noted.

**FISCAL IMPACT**

The department's costs to implement this bill have yet to be determined. As the bill moves through the legislative process, costs will be identified.

**ECONOMIC IMPACT**

*Revenue Estimate*

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 2219 as amended April 22, 2024  
Assumed Enactment after June 30, 2024

(\$ in Millions)

Fiscal Year	Revenue
2024-2025	n/a
2025-2026	-\$190
2026-2027	-\$180

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

**LEGAL IMPACT**

None noted.

**EQUITY IMPACT**

None noted.

**APPOINTMENTS**

None noted.

**SUPPORT/OPPOSITION**

Assembly Revenue and Taxation Committee Analysis 04-26-2024

*Support:*

None on file.

*Opposition:*

- ACLU California Action
- AFSCME CA
- California Federation of Teachers AFL-CIO
- California Teachers Association
- Electronic Frontier Foundation
- Oakland Privacy

**ARGUMENTS**

Assembly Revenue and Taxation Committee Analysis 04-26-2024.

*Proponents*

None on file.

*Opponents*

The Electronic Frontier Foundation

The California Constitution guarantees a right to privacy. Yet that privacy is under threat, including through the increased use of privately operated surveillance cameras that capture movements throughout our neighborhoods. The mass existence of doorbell cameras, whether subsidized and organized into registries by cities, or connected and centralized through other technologies, threaten civil liberties, and exacerbate racial discrimination by enabling unnecessary surveillance.

**LEGISLATIVE CONTACT**

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