



STATE OF CALIFORNIA
Franchise Tax Board

Short Form Analysis

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Sponsor:

Bill Number: AB 1265

Amended: January 16, 2026

SUBJECT

Rehabilitation of Certified Historic Building Credit (Rehabilitation Tax Credit)

- Technical Amendment

SUMMARY

This bill would, under the Personal Income Tax Law and Corporate Tax Law, allow a Rehabilitation Tax Credit for a portion of qualified rehabilitation expenditures with respect to the certified historic structure, not to exceed \$5 million per taxpayer, for taxable years beginning on or after January 1, 2027, and before January 2031. The bill would also extend the Legislative Analyst Office's (LAO) collaboration with the California Tax Credit Allocation Committee (CTCAC) and the Office of Historic Preservation (OHP) to review the effectiveness of the credit.

ANALYSIS

The January 16, 2026, amendments modified the Revenue and Taxation Code (RTC) section 41 reporting and collaboration requirements for LAO, OHP, and the CTCAC related to the existing Rehabilitation Tax Credit for taxable years beginning on or after January 1, 2025, and before January 1, 2027, and extended the section repeal date from December 1, 2027, to December 1, 2028; and added RTC section 41 reporting and collaboration requirements for LAO, OHP, and the CTCAC related to the Rehabilitation Tax Credit for taxable years beginning on or after January 1, 2027, and before January 1, 2031, and extended the section repeal date from December 1, 2031, to December 1, 2032.

These amendments resolved one of the two implementation considerations discussed in the Franchise Tax Board's (FTB) analysis of the bill as introduced on February 21, 2025, and amended on April 10, 2025, and January 5, 2026. Except for these amendments, the FTB's analysis still applies.

LEGISLATIVE CONTACT

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