



Bill Analysis

Author: Assembly Committee
on Budget

Sponsor:

Bill Number: AB 192

Related Bills: See Legislative
History

Amended: August 28, 2026

SUBJECT

Eligible Transmission Project Tax Credit (ETPTC)

SUMMARY

This bill would, under the Personal Income Tax Law (PITL) and the Corporation Tax Law (CTL), make technical corrections to the ETPTC, and would also make several financing-related changes under the Government Code (GOV).

This is the Franchise Tax Board's (FTB) first analysis of the bill and only addresses the provisions that would impact the FTB.

RECOMMENDATION

No position—The three-member Franchise Tax Board has not formally voted or taken a position on this bill.

SUMMARY OF AMENDMENTS

The August 28, 2026, amendments removed intent language and replaced it with the provisions discussed in this analysis.

REASON FOR THE BILL

The reason for the bill is to make various statutory changes related to transmission infrastructure accelerator financing, to make technical corrections to the ETPTC, and to implement the Budget Act of 2026.

ANALYSIS

This bill would, under the GOV, modify the compliance criteria and conditions of an "eligible transmission project".

This bill would also update cross references within the Revenue and Taxation Code (RTC) for the definitions of "eligible transmission project" and "qualified taxpayer".

Effective/Operative Date

This bill, providing for an appropriation relating to the Budget Bill, would be effective immediately upon enactment and operative for taxable years beginning on or after January 1, 2026, and before January 1, 2036.

*Federal/State Law**Tax Credits*

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, hiring credits). These credits generally are designed to provide incentives for taxpayers to perform various actions or activities that they may not otherwise be undertaken.

Current state law, under the PITL and CTL, for taxable years beginning on or after January 1, 2026, and before January 1, 2036, allows a tax credit in an amount equal to 20 percent of the qualified expenditures paid or incurred by a qualified taxpayer during the taxable year, not to exceed \$20,000,000 per qualified taxpayer, per taxable year.

Unused credits may be carried over for eight years, until exhausted. Any deduction otherwise allowed to the qualified taxpayer for qualified expenditures will be reduced by the amount of qualified expenditures taken into account in calculating the allowed credit. If the credit allowed is claimed by the qualified taxpayer, the taxpayer will not earn a return on equity for the eligible transmission project, for the portion of the project for which the credit is claimed.

Current state law also allows this credit to reduce the amount of regular tax below the tentative minimum tax.

There is no comparable credit under federal law.

Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

None noted.

LEGISLATIVE HISTORY

SB 254 (Becker, et al., Chapter 119, Statutes of 2025), amongst other items, under the PITL and CTL, allowed a new tax credit to qualified taxpayers in an amount equal to 20 percent of the qualified expenditures, related to eligible transmission projects, paid or incurred for taxable years beginning on or after January 1, 2026, and before January 1, 2036.

SB 175 (Senate Committee on Budget and Fiscal Review, Chapter 42, Statutes of 2024) amongst other items, under the PITL and CTL, for taxable years beginning on or after January 1, 2027, allowed the annual refundable credit to reduce the amount of regular tax below the Tentative Minimum Tax (TMT).

SB 132 (Senate Committee on Budget and Fiscal Review, Chapter 132, Statutes of 2023) amongst other items, under the PITL and CTL, for taxable years beginning on or after January 1, 2025, added the motion picture credit 4.0 to the order of credits allowed to be taken against tax, and allows the motion picture credit 3.0, the credit for certified studio construction project, and the motion picture credit 4.0 to reduce tax below the TMT.

SB 113 (Senate Committee on Budget and Fiscal Review, Chapter 3, Statutes of 2021) amongst other items, under the PITL, allowed the pass-through entity elective tax credit to reduce tax below TMT and made changes to the order of credits allowed to be taken against the net tax. In addition, this bill made other nonsubstantive technical changes.

PROGRAM BACKGROUND

None noted.

OTHER STATES' INFORMATION

None noted.

FISCAL IMPACT

FTB anticipates minimal costs to implement this bill.

ECONOMIC IMPACT

Revenue Estimate

This bill as Amended August 28, 2026, would not impact the computation of state income or franchise tax. The amendments under the GOV, modifying the compliance criteria and conditions of an "eligible transmission project" can potentially impact the taxpayers eligible for the ETPTC under the RTC, but the impact, if any, is unknown.

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 Floor Analysis, dated August 31, 2026

Support

None on file.

Opposition

None on file.

ARGUMENTS

Assembly Floor Analysis, dated August 31, 2026

Proponents

None on file.

Opponents

None on file.

LEGISLATIVE CONTACT

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