



Bill Analysis

Author: Arambula, et al.

Sponsor:

Bill Number: AB 2270

Related Bills: See Legislative
History

Amended: August 21, 2026

SUBJECT

Low-income Housing Tax Credit (LIHC): Farmworker Housing

SUMMARY

This bill, under the Personal Income Tax Law (PITL), Insurance Tax Law (ITL), and the Corporation Tax Law (CTL), would modify the LIHC.

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 21, 2026, amendments added double jointing language with SB 1072 (Senate Committee on Housing, 2025/2026).

REASON FOR THE BILL

The reason for the bill is to modify the LIHC.

ANALYSIS

This bill requires the California Tax Credit Allocation Committee (CTCAC) to consider modifying the LIHC scoring system regulations to:

- Establish a housing type for farmworker housing projects; and
- Use the same points allocations as provided for rural set-aside projects in assigning points based on the proximity of amenities to an eligible farmworker housing project.

Additionally, the bill further states that no amount would be provided for projects to provide farmworker housing used to comply with federal H-21A visa program requirements to provide housing for H-2A visa program workers.

The double-jointing provisions in sections 2.5, 3.5, and 4.5 would only become operative if 1) both AB 2270 and SB 1072 are enacted and become effective by January 1, 2027, and this bill is operative first, 2) both bills amend the LIHC, and 3) this bill is enacted after SB 1072. If this happens, the nondouble-jointing provisions in sections 2, 3, and 4 would be operative until SB 1072 is operative, and then the double-jointing provisions in sections 2.5, 3.5, and 4.5 would be operative.

Effective/Operative Date

As a tax levy, this bill would be effective and operative immediately upon enactment.

Federal/State Law

Federal Law

Current federal tax law allows a LIHC over a 10-year period for the costs of constructing, rehabilitating, or acquiring low-income housing. The LIHC amount varies depending on several factors including when the housing was placed in service and whether it was federally subsidized; and varies between a present value of 30% and 70% of the qualified basis of the qualified low-income housing.

The CTCAC allocates and administers the federal LIHC Program.

State Law

Current state tax law generally conforms to federal law by reference with respect to the LIHC, except that the state LIHC is claimed over 4 taxable years (10 years for federal), is limited to projects located in California, must be allocated and authorized by the CTCAC, rents must be maintained at low-income levels for 30 years (15 years for federal), and the CTCAC must have authorized a federal credit to the taxpayer or the taxpayer must qualify for the federal credit.

In addition, for projects that receive a preliminary reservation, a taxpayer must make an election on their application to the CTCAC in order to sell all or a portion of the LIHC allowed to one or more unrelated parties for each taxable year the credit is allowed. In general, a taxpayer who elects to sell all or a portion of their low-income housing credits cannot sell the credits for less than 80% of the amount of the credit and the taxpayer cannot elect to sell all or a portion of any credit if the taxpayer did not make an election of its application submitted to the CTCAC.

Additionally, a taxpayer may, only once, revoke an election to sell all or a portion of any credit at any time before the CTCAC allocates a final credit amount for the project at which point the election is irrevocable.

The CTCAC allocates and administers the state LIHC Program and provides to the FTB an annual report listing the taxpayers allocated the LIHCs and other relevant information.

For calendar years 2024 through 2034, the lesser of \$25 million or 5% of the amount available per calendar year as allocated by the CTCAC is to be set aside for projects to provide farmworker housing.

Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

None noted.

LEGISLATIVE HISTORY

SB 1072 (Senate Housing Committee, Chapter 322, Statutes of 2026), effective January 1, 2027, under the PITL, ITL, and the CTL, modified the LIHC, and made several housing-related changes under the Government Code (GOV) and the Health and Safety Code (HSC).

AB 480 (Quirk-Silva, Chapter 492, Statutes of 2025), under the PITL, CTL, and ITL, amended the application process to allow a taxpayer to make an election, in a manner prescribed by the CTCAC, to sell all or a portion of the LIHC allowed before the CTCAC allocates the final credit amount to a project that had received a preliminary reservation beginning on or after January 1, 2016.

AB 3035 (Pellerin, et al., Chapter 524, Statutes of 2024), under the PITL and the CTL, among other things, requires any farmworker housing funds unallocated after the final funding round in the calendar year be returned in the calendar year and made a technical correction within the aggregate housing credit amount provisions.

AB 346 (Quirk-Silva, Chapter 739, Statutes of 2023), under the PITL and the CTL, allows a taxpayer to be eligible to claim the LIHC in the taxable year the building is placed in service, even if the CTCAC has not issued the certification.

AB 1439 (Garcia, Chapter 369, Statutes of 2023), under the PITL and the CTL, allows the CTCAC to consider modifying the scoring system to provide a score benefit to farmworker housing.

AB 1654 (Robert Rivas, Chapter 638, Statutes of 2022), under the PITL and the CTL, modified the criteria for the return of unallocated credits related to farmworker housing projects, and modified provisions applicable to the farmworker housing study of the LIHC.

PROGRAM BACKGROUND

None noted.

OTHER STATES' INFORMATION

None noted.

FISCAL IMPACT

This bill would not significantly impact the Franchise Tax Board's costs.

ECONOMIC IMPACT

Revenue Estimate

This bill would not impact state income or franchise tax revenue.

LEGAL IMPACT

None noted.

EQUITY IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

Senate Floor Analysis, dated August 24, 2026

Support

LA Cooperativa Campesina De California (source)
California Human Development
California Primary Care Association
Center for Employment and Training
Central Valley Opportunity Center
First Day Foundation

Los Amigos De LA Comunidad, INC.
Proteus INC.
Unidosus

Opposition

None received.

ARGUMENTS

Assembly Floor Analysis, dated August 27, 2026

Proponents

Writing in support of this bill, UnidosUS states, in part:

This bill, for taxable years beginning on or after January 1, 2027, would include the allocation of state low-income housing tax credits within the definition of "state funding" and would prohibit providing low-income housing tax credits for projects to provide farmworker housing used to comply with the above-described H2-A housing requirement. This will expand opportunities for farmworker housing to be constructed in the state, opening new units to laborers in need of housing.

Opponents

None noted.

LEGISLATIVE CONTACT

FTBLegislativeServices@ftb.ca.gov