



Bill Analysis

Author: Bains

Sponsor:

Bill Number: AB 2591

Related Bills: See Legislative
History

Introduced: February 20, 2026

SUBJECT

Taxing Californians Into Poverty Protection Act

SUMMARY

This bill, under the Personal Income Tax Law (PITL), for tax years beginning on or after July 1, 2027, would allow taxpayers to elect to take a standard deduction equal to the federal poverty line.

RECOMMENDATION

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

SUMMARY OF AMENDMENTS

Not applicable.

REASON FOR THE BILL

The reason for the bill is to increase California's standard deduction.

ANALYSIS

This bill would, for tax years beginning on or after July 1, 2027, allow a taxpayer to elect to take a standard deduction as follows:

- For a taxpayer filing as single or married filing separately, the standard deduction would be equal to the federal poverty line for a household of one person.
- For a taxpayer filing as head of household, the standard deduction would be equal to federal poverty line for a household of two persons.
- For a taxpayer filing as married filing jointly or surviving spouse, the standard deduction would be equal to the federal poverty line for a household that is equal to the number of persons in the taxpayer's household.

The bill defines federal poverty line as the poverty line defined by the United States Office of Management and Budget based on the most recent data available from

the United States Bureau of the Census pursuant to subsection (2) of Section 9902 of Title 42 of the United States Code.

The bill would additionally require the Franchise Tax Board (FTB) to publish on its website the most recent federal poverty lines to be used for the standard deduction for that taxable year on or before July 1, 2027, and each year after.

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 July 1, 2027.

Federal/State Law

Existing state and federal laws allow taxpayers who do not elect to itemize their deductions for the taxable year to deduct from adjusted gross income a basic standard deduction amount in calculating their taxable income.

Both state and federal laws provide annual indexing of the standard deduction.

California's standard deduction for the 2025 tax year is as follows:

- \$5,706 for single or married filing separately
- \$11,412 for married couples filing jointly, head of household, or qualifying surviving spouse

The Federal standard deduction for 2025 is as follows:

- \$15,750 for single or married filing separately
- \$31,500 for married couples filing jointly or qualifying surviving spouse
- \$23,625 for head of household

For federal purposes, the federal poverty levels for 2026 are as follows:

- \$15,960 for individuals
- \$21,640 for family of two
- \$27,320 for family of three
- \$33,000 for family of four

Implementation Considerations

The FTB has identified the following considerations and is available to work with the author's office to resolve these and other considerations that may be identified.

The federal poverty level is updated annually by the U.S. Department of Health and Human Services. To ensure consistent application, this bill should be amended to clarify that the applicable federal poverty level amount is the amount in effect for the taxable year for which the deduction is claimed.

This bill uses the undefined term "household". The absence of a definition could lead to taxpayer confusion. For clarity, the author may wish to amend the bill to define this term.

Technical Considerations

None noted.

Policy Considerations

Under Revenue and Taxation Code section 41, legislation that would create a new tax expenditure, which includes a credit, deduction, exclusion, exemption, or any other tax benefit as provided for by the state, is required to include specific goals, purposes, objectives, and performance measures to allow the Legislature to evaluate the effectiveness of the tax benefit. The author may wish to amend the bill to include these goals, purposes, objectives, and performance measures.

Generally, individuals file on a calendar year basis, however this bill would be operative for taxable years beginning or after July 1, 2027. As a result, this may lead to taxpayer confusion of when they would be able to claim the new standard deduction. It would also treat individuals with a taxable year that starts on January 1, 2027, differently than those whose taxable year starts on or after July 1, 2027. Therefore, it is recommended that this bill be amended for taxable years beginning on or after January 1, 2027, to reduce taxpayer confusion and increase equitable treatment of similarly situated taxpayers.

Taxpayers filing as a surviving spouse or married couple filing a joint return would be allowed to claim a standard deduction based on the federal poverty line equal to the number of people in their household. Taxpayers using other filing statuses would be limited to a standard deduction based on a household of one or two, regardless of how many people are in their household. This could result in similarly situated taxpayers being treated differently.

This bill would allow a taxpayer to elect to take a standard deduction equal to the federal poverty line, adjusted for a head of household and surviving spouse. These amounts are close to the current federal standard deduction amount. If the intent is for California's standard deduction amount to match the federal standard deduction amount, the author may wish to amend the bill.

LEGISLATIVE HISTORY

SB 995 (Gaines, 2017/2018), under the PITL, would have increased the amount of the standard deduction by \$1,500 for taxpayers using the single or married filing separate filing status and \$3,000 for taxpayers filing as married filing joint, head of household, or surviving spouse. SB 995 did not pass out of the Senate Governance and Finance Committee by the required deadline.

PROGRAM BACKGROUND

None noted.

OTHER STATES' INFORMATION

None noted.

FISCAL IMPACT

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

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue loss:
Estimated Revenue Impact of AB 2591 as Introduced February 20, 2026

Assumed Enactment after June 30, 2026

(\$ in Billions)

Fiscal Year	Revenue
2026-2027	-\$3.9
2027-2028	-\$7.0
2028-2029	-\$7.0

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

To be determined.

ARGUMENTS

To be determined.

LEGISLATIVE CONTACT

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