



## **Bill Analysis**

Author: Tangipa

Sponsor:

Bill Number: AB 547

Related Bills: See Legislative  
History

Introduced: February 11, 2025

## **SUBJECT**

In Vitro Fertilization (IVF) Tax Credit

## **SUMMARY**

This bill would, under the Personal Income Tax Law (PITL), allow taxpayers a credit up to \$5,000 for the qualified expenses of IVF for taxable years beginning on or after January 1, 2025, and before January 1, 2030.

## **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 this bill is to provide financial relief by creating a tax credit for individuals who have paid or incurred costs for IVF procedures.

## **ANALYSIS**

This bill, under the PITL, for each taxable year beginning on or after January 1, 2025, and before January 1, 2030, would allow a tax credit in an amount equal to the qualified expenses of IVF of a taxpayer, not to exceed \$5,000 per taxable year.

For purposes of this bill, "qualified expenses of in vitro fertilization" mean all costs of IVF procedures undergone by the taxpayer that are not covered by insurance, and include, but are not limited to, the costs of medication, ultrasounds, egg retrieval, and egg implantation.

Any deduction otherwise allowed for any amount of cost paid or incurred by the taxpayer that is eligible for the credit would be reduced by the amount of the credit allowed.

This bill, for purposes of complying with Section 41, would require the Franchise Tax Board (FTB) to provide a written report to the Legislature on or before December 1, 2026, and annually thereafter, that includes the following information:

- The number of taxpayers allowed a credit, and
- The total dollar value of credits allowed.

The Section 41 reporting requirements would be treated as an exception to the general prohibition against disclosure of confidential taxpayer information.

This credit will be repealed as of December 1, 2030.

#### *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*

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.

#### *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 term "taxpayer" is undefined in the bill. Absent a definition, the term could be broadly interpreted and may lead to confusion for taxpayers, software providers, the FTB. Without clarification, entities such as trusts or fiduciaries could be considered eligible for the credit if they were deemed capable of undergoing IVF procedures. To avoid ambiguity, the author may wish to specify that credit applies to a "taxpayer who is an individual" or replace references to "a taxpayer" with "an individual".

This bill does not specify how "qualified expenses of in vitro fertilization" are determined, which may create challenges in administration and compliance. As written, a taxpayer could claim the credit for IVF related costs regardless of when they are paid, if they are paid by a third party, or if they are paid at all. Additionally, it is unclear whether the credit applies in the year expenses are incurred, the year payments are made, or in multiple years if procedures or installment payments span multiple tax years. Without clarification, these ambiguities may lead to inconsistent treatment among taxpayers and administrative challenges for the FTB. The author may wish to specify when and under what conditions expenses qualify to ensure uniform application of the credit.

This bill requires the FTB to prepare a report on the performance of the credit allowed by this bill on or before December 1, 2026, and annually thereafter. If the author's intent is to be able to review a report that contains complete information for taxable year 2025, it is recommended that the report due date be extended to no earlier than July 1, 2027. The due date for the 2025 personal income tax return is April 15, 2026—with extension individuals may timely file as late as October 15, 2026. The FTB needs approximately six to eight months to complete return processing and to compile the needed data to prepare a report. As a result, it is recommended that the reporting due date be no earlier than July 1, 2027, to provide complete information for the 2025 taxable year.

### *Technical Considerations*

This bill should specify that the credit applies to costs that are either paid or incurred, thus providing application for both cash-basis and accrual-basis accounting methods.

For consistency of terminology, consider replacing the term, "each taxable year" in section 1 of the bill, with "taxable years."

### *Policy Considerations*

This bill does not provide a carryover period. As a result, any unused credit would be lost if the taxpayer is unable to use the entire credit amount in the year claimed. The author may wish to add language to allow a limited carryover period.

This bill does include an income limitation for eligibility, allowing all taxpayers who meet the defined criteria to qualify regardless of income level. Unlike other provisions in existing tax law that incorporate thresholds to target benefits toward specific taxpayer groups, this approach may result in broader utilization, including high-income taxpayers. While FTB would administer the provision as written, if the author intends to limit eligibility based on income, consideration may be given to specifying an income cap.

## **LEGISLATIVE HISTORY**

AB 1431 (Tangipa, 2025/2026) would provide, under the PITL, a tax credit to a qualified taxpayer in an amount equal to the qualified income earned by the qualified taxpayer for medical services performed in a rural area in the state, not to exceed \$5,000 per taxable year. This bill was introduced and is pending referral to committee following its first reading in the Assembly.

AB 1697 (Patterson and Gallagher, 2021/2022), under the PITL, would have established a tax credit for certain qualified expenses not to exceed \$2,000 per Certificate of Still Birth for taxpayers who hold a Certificate of Still Birth for taxable years beginning on or after January 1, 2022, and before January 1, 2027. AB 1697 was held in the Assembly Revenue and Taxation Committee without further action.

AB 1709 (Rodriguez, 2021/2022), under the PITL, would have allowed a tax credit to taxpayers who donated blood to a licensed, exempt organization. AB 1709 was held in the Assembly Revenue and Taxation Committee without further action.

SB 1025 (Bates and Cooper, 2021/2022), under the PITL and Corporation Tax Law, would have allowed a tax credit to businesses that hold blood drives on their premises in coordination with a nonprofit blood bank organization. SB 1025 was held in the Senate Governance and Finance Committee without further action.

**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 identified.

**ECONOMIC IMPACT**

Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 547 as Introduced February 11, 2025  
 Assumed Enactment after June 30, 2025

(\$ in Millions)

Fiscal Year	Revenue
2025-2026	-\$44
2026-2027	-\$30
2027-2028	-\$30

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**

[FTBLegislativeServices@ffb.ca.gov](mailto:FTBLegislativeServices@ffb.ca.gov)