



## Bill Analysis

Author: Dahle

Sponsor:

Bill Number: SB 1096

Related Bills: See Legislative  
History

Introduced: February 13, 2026

### SUBJECT

Senior Tax Credit

### SUMMARY

This bill would, under the Personal Income Tax Law (PITL), for each taxable year beginning on or after January 1, 2026, and before January 1, 2031, allow a senior tax credit to a qualified taxpayer in an amount equal to \$1,500 per dependent claimed.

### 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 provide aid to retired seniors that care for their dependents.

### ANALYSIS

This bill would, under the PITL, for each taxable year beginning on or after January 1, 2026, and before January 1, 2031, allow a senior tax credit to a qualified taxpayer in an amount equal to \$1,500 per dependent claimed.

This bill defines the following:

- “Earned Income” would have the same meaning as provided in Section 32(c)(2) of the Internal Revenue Code (IRC), and generally includes wages, salaries, tips, self-employment and other compensation.
- “Qualified taxpayer” means an individual for whom both are true:
  - The taxpayer, or the taxpayer or their spouse in case of spouses filing joint returns and surviving spouses, is or would have been 65 years of age or older as of the last day of the taxable year.
  - The taxpayer’s adjusted gross income for the taxable year did not include earned income.

This bill also includes language to comply with Revenue and Taxation Code (RTC) section 41, which states the goal of the credit is to help retired senior taxpayers who are caring for dependents while the cost of living continues to rise. This bill would require the FTB to provide all necessary information to the Legislative Analyst's Office (LAO) to prepare the report. This bill would also require the LAO to report on the performance indicators to the Legislature, which includes the average amount of the credit claimed by a qualified taxpayer and how many taxpayers claimed the credit.

#### *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, 2026, and before January 1, 2031.

#### *Federal/State Law*

Existing state and federal 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 or hiring credits). These credits generally are designed to provide incentives for taxpayers to perform various actions or activities that they may not otherwise undertake. Currently, federal and state law have no credit comparable to the Senior Tax Credit.

The One Big Beautiful Act of 2025 (P.L. 119-21), section 70103 was enacted and for taxable years beginning after December 31, 2024, and before January 1, 2029, allows a senior deduction in amount equal to \$6,000 for each qualified individual. A qualified individual is a taxpayer that has attained age 65 before the close of the taxable year, and in the case of a joint return, the taxpayer's spouse, if such spouse has attained age 65 before the close of the taxable year. California does not conform to this federal deduction.

Under existing state law, legislation that would create a new tax expenditure, which includes a credit, deduction, exemption, or any other tax benefit as provided for by the state, is required to include specific goals, purposes, objectives, detailed performance indicators, and data collection requirements to allow the Legislature to evaluate the effectiveness of the tax benefit.

#### *Implementation Considerations*

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

The bill uses the terms “dependent” and “earned income” throughout the bill. However, the bill does not clearly define the terms, and this could lead to taxpayer confusion. For clarity, the author may wish to amend the bill to define this term.

This bill requires the FTB to provide the LAO information on the performance of the credit allowed by this bill on or before January 1, 2032. For the data to contain complete information for the final taxable year, 2030, it is recommended that the due date be extended to July of 2032. If the due date remains unchanged, the data provided to LAO would include information available as of six months prior to the due date, which would exclude returns filing on extension.

### *Technical Considerations*

For consistency and clarity, the following changes are recommended:

- In Section 17054.8(a) replace the phrase “For each taxable year beginning” with “For taxable years beginning”.
- In Section 170548(b)(2) replace the phrase “for whom both of the following are true” with “who meets both of the following”.
- In Section 17054.8(c)(2) replace the phrase “the average amount of the credit claimed by a qualified taxpayer and how many taxpayers claimed the credit” with “the average amount of the credit allowed to a qualified taxpayer and the number of taxpayers allowed the credit”.
- In Section 17054.8(c)(3) remove subparagraph (B) as the FTB would provide aggregate data and not disclose confidential taxpayer data to LAO.

The bill provisions specify a repeal date of December 1, 2032. However, the bill provisions would apply for taxable years beginning on or after January 1, 2026, and before January 1, 2031. To retain the provisions “in law” until the last day of taxable year for which the provision is applicable, the author may wish to change the repeal date to December 1, 2031, instead of December 1, 2032.

### *Policy Considerations*

This bill does not provide a credit 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 not limit the amount of credit that may be claimed by the taxpayer or their spouse. Credits that could potentially be costly are sometimes limited on a per-taxpayer basis or for a specified number of eligible dependents. If this is contrary to the author's intent, the author may wish to amend the bill to clarify a limit per taxpayer or per dependent or provide a credit limitation dollar amount.

This bill, as currently drafted, would allow a qualified taxpayer to claim a senior tax credit of \$1,500 per dependent, provided the taxpayer's Adjusted Gross Income (AGI) for the taxable year does not include earned income. Earned Income, as defined under IRC 32(c), includes wages, salaries, tips, other employee compensation, and net earnings from self-employment to the extent such amounts are included in gross income. Because the bill limits the credit based on the presence of earned income, it appears that taxpayers with other types of non-earned or passive income—such as business income, capital gains, interest, dividends, rents, or royalties—would still qualify for the credit. If this is contrary to the author's intent the author may wish to amend the bill to clarify the income types that should disqualify a taxpayer from receiving the credit.

#### **LEGISLATIVE HISTORY**

SB 1249 (Richardson, 2025/2026) would, under the PITL, allow an above-the-line deduction for qualified taxpayers who claim one or more elderly senior dependents for taxable years beginning on or after January 1, 2027, and before January 1, 2032. SB 1249 is currently in the Senate Committee on Revenue and Taxation.

#### **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 SB 1096 as Introduced on February 13, 2026  
Assumed Enactment after June 30, 2026

(\$ in Millions)

<b>Fiscal Year</b>	<b>Revenue</b>
2026-2027	-\$36
2027-2028	-\$24
2028-2029	-\$24

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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