



Bill Analysis

Author: Dahle

Sponsor:

Bill Number: SB 1102

Related Bills: See Legislative
History

Introduced: February 13, 2026

SUBJECT

Nurses Tax Credit

SUMMARY

This bill, under the Personal Income Tax Law (PITL), beginning on or after January 1, 2027, would allow a refundable tax credit to a qualified taxpayer, who is a licensed nurse or licensed vocational nurse, that works in a rural health facility, for an unspecified amount.

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 a tax benefit to nurses who work in rural health facilities.

ANALYSIS

This bill, under the PITL, for taxable years beginning on or after January 1, 2027, would allow a refundable tax credit to a qualified taxpayer in an unspecified amount.

This bill defines the following terms:

“Qualified taxpayer” means a taxpayer who is licensed pursuant to Chapter 6 (commencing with Section 2700) or Chapter 6.5 (commencing with Section 2840) of Division 2 of the Business and Professions Code and is employed in a position for which that license is required at a rural health facility for at least six months of the taxable year.

“Rural health facility” means a rural general acute care hospital, as defined in Section 1250 of the Health and Safety Code, or a health care facility located in an area federally designated as a health professional shortage area, medically underserved area, or medically underserved population, including, but not limited to, a critical access hospital or a rural health clinic.

This bill specifies any credit in excess of the tax liability would be credited against other amounts due with any remaining balance being refunded to the qualified taxpayer.

This bill provides that the Franchise Tax Board (FTB) may prescribe rules and regulations necessary to administer this section.

For purposes of complying with the Revenue and Taxation Code (RTC) section 41 requirements, this bill would require the Department of Health Care Access and Information in collaboration with the FTB to submit a report to the Legislature, no later than June 30, 2029, and each June 30 thereafter, that includes the following information:

- Workforce metrics, including the number of licensed nurses, vacancy and turnover rates, average tenure, and time to fill vacancies.
- Facility metrics, including staffing levels, patient-to-nurse ratios, and service continuity.
- Patient access metrics, including care delays, emergency diversion incidents, and readmission rates.
- Number of taxpayers that claimed the tax credit.

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

Effective/Operative Date

This bill would be effective on January 1, 2027, and specifically operative for taxable years beginning on or after January 1, 2027.

Federal/State Law

Existing 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 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, there are no federal or state credits comparable to the credit this bill would create.

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 requirement measures to allow the Legislature to evaluate the effectiveness of the tax benefit.

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 bill is silent on whether a qualified taxpayer who is employed in a position for which a license is required at a rural health facility for at least six months of the taxable year, needs to be employed full-time or part-time, and whether that time employed needs to be consecutive. The author may wish to amend the bill to clarify the author's intent.

The author may wish to clarify which federal agency will designate the areas as health professional shortage areas, medically underserved areas, or medically underserved populations, or the statutory authority governing the designation.

For clarity, the author may wish to define "critical access hospital" and "rural health clinic."

To ensure eligible taxpayers are allowed the credit, and because the FTB is not the regulating agency for rural general acute care hospitals, the author may wish to require the California Department of Public Health provide an annual list of rural health facilities to the FTB.

Technical Considerations

The bill does not include a specific dollar amount for the credit. The author may wish to amend the bill to specify a credit amount.

This bill would grant the FTB the authority to prescribe rules or regulations, which is already provided under existing law. The author may wish to remove unnecessary subdivision 17052.8(d) of the bill.

In Section 17052.8(a), replace, "For each taxable year beginning on..." with "For taxable years beginning on..."

Policy Considerations

This bill does not provide a sunset date, which would generally allow periodic review of the effectiveness of the tax law change. If this is contrary to the author's intent, the author may wish to amend the bill.

Because the bill does not specify otherwise, two qualified taxpayers filing a joint return would each be eligible for the refundable credit. If this is contrary to the author's intent, the bill should be amended.

LEGISLATIVE HISTORY

AB 918 (Ransom, 2025/2026), under the PITL, would have for taxable years beginning on or after January 1, 2025, and before January 1, 2030, excluded from gross income qualified wages of a qualified first responder. This bill did not pass out of the Assembly by the Constitutional deadline.

AB 1057 (Rodriguez, 2025/2026), under the PITL, would have for taxable years beginning on or after January 1, 2025, and before January 1, 2030, excluded from gross income qualified overtime wages received by a qualified taxpayer. This bill did not pass out of the Assembly by the Constitutional deadline.

AB 1124 (Bains, 2025/2026), under the PITL, would have for taxable years beginning on or after January 1, 2025, and before January 1, 2030, excluded from gross income qualified overtime wages of a qualified first responder. This bill did not pass out of the Assembly by the Constitutional deadline.

AB 1431, (Tangipa, 2025/2026) under the PITL, for each taxable year beginning on or after January 1, 2026, and before January 1, 2031, would have allowed a tax credit to a qualified taxpayer for paid monetary compensation, for medical services performed in a rural area in the state by the qualified taxpayer and authorized under the qualified taxpayer's license. This bill did not pass out of the Assembly by the Constitutional 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

A revenue estimate cannot be completed until the considerations discussed above have been addressed.

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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