



## Bill Analysis

Author: Dahle

Sponsor:

Bill Number: SB 1102

Related Bills: See Legislative  
History

Amended: April 23, 2026

### SUBJECT

Nurses Tax Credit

### SUMMARY

This bill, under the Personal Income Tax Law (PITL), beginning on or after January 1, 2027, and before January 1, 2032, would allow a \$2000 tax credit to a qualified taxpayer, who is a licensed nurse or licensed vocational nurse, that works in a rural health facility.

### RECOMMENDATION

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

### SUMMARY OF AMENDMENTS

The April 23, 2026, amendments specified an amount for the tax credit, removed the refundability of the credit, defined new terms, modified defined terms, required the Department of Health Care Access Information (DHCAI) to provide Franchise Tax Board (FTB) with an annual list of rural health care facilities and added a repeal date.

These amendments resolved all the previous implementation, technical and policy considerations as discussed in the FTB's analysis of the bill as introduced on February 13, 2026. In addition, one technical consideration and one policy consideration were identified.

### 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, and before January 1, 2032, would allow a \$2000 tax credit to a qualified taxpayer, per taxpayer per taxable year.

This bill defines the following terms:

“Qualified taxpayer” means a taxpayer who meets all of the following:

- They are 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.
- They were employed on a full-time basis at a rural health facility in a position for which a license, as described in the previous bullet, is required.
- Their employment is not primarily for nursing administration.

“Primarily” means 51 percent or more of the employment position’s responsibilities.

“Nursing administration” means either of the following:

- Oversight or managerial responsibilities over nursing units or entire nursing departments, including, but not limited to, staffing, policy implementation, and quality assurance oversight.
- The employment position involves minimal or no direct patient care.

“Nursing administration” does not mean having minimal or infrequent supervisory duties over subordinate staff.

“Direct patient care” means hands-on patient care provided directly by an individual.

“Full-time basis” means either of the following:

- For an employee paid an hourly wage, the employee is employed a minimum of 1,750 hours during the taxable year.
- For an employee paid a salary, the employee is employed a minimum of 50 weeks during the taxable year.

“Rural health facility” means a rural hospital defined as having a “rural” or “frontier” designation status in the Medical Service Study Area created by the DHCAI or as set forth in Section 1250 of the Health and Safety Code.

The unused credit could be carried over for six years until exhausted, whichever occurs first.

DHCAI would be required to provide the FTB with an annual list of rural health facilities on or before January 15, 2028, and each January 15 thereafter. The list would be required to include rural health facilities that met the definition for the duration of the prior calendar year.

For purposes of complying with the Revenue and Taxation Code section 41 requirements, this bill would require the DHCAI in collaboration with the FTB to submit a report to the Legislature, to the extent feasible, 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.

The credit would be repealed on December 1, 2032.

#### *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, 2027, and before January 1, 2032.

#### *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*

None noted.

### *Technical 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.

In Section 17052.8(b)(5)(B), insert "during the taxable year" after "employed".

### *Policy Considerations*

This bill defines "full-time basis" for an employee paid a salary, as being employed a minimum of 50 weeks (or 1,750 hours) during the taxable year. However, it does not specify if an employee needs to work a minimum amount of hours during the year to be considered a qualified employee. Because this bill does not specify, an employee could work one hour for one week and be considered employed on a "full-time basis" as long as they were employed for 50 weeks in the taxable year. If this is contrary to the author's intent, the author may wish to amend the bill.

## **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*

This bill would result in the following revenue loss:

Estimated Revenue Impact of SB 1102 as Amended April 23, 2026  
 Assumed Enactment after June 30, 2026

(\$ in Millions)

<b>Fiscal Year</b>	<b>Revenue</b>
2026-2027	-\$5.9
2027-2028	-\$12
2028-2029	-\$13

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.

*Revenue Discussion*

Based on available research, it is estimated that there would be approximately 12,000 qualified taxpayers in the 2027 taxable year. Applying the credit amount of \$2,000 per qualified taxpayer results in credits generated of approximately \$24 million in the 2027 taxable year.

It is estimated that 65 percent, or \$16 million, would be earned by taxpayers with sufficient tax liability to offset with the credit. Of that amount, 65 percent, or \$10 million, would be claimed in the year generated and the remaining credits would be used in the succeeding 6 years.

The tax year estimates are converted to fiscal year estimates and then rounded to arrive at the amounts reflected in the above table.

**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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