



Bill Analysis

Author: Richardson

Sponsor:

Bill Number: SB 1249

Related Bills: See Legislative
History

Introduced: February 19, 2026

SUBJECT

Elderly Senior Dependent Deduction

SUMMARY

This bill, under the Personal Income Tax Law (PITL), would 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.

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 tax relief to households that include elderly senior dependents.

ANALYSIS

Under the PITL, for taxable years beginning on or after January 1, 2027, and before January 1, 2032, this bill would allow an above-the line-deduction to calculate adjusted gross income (AGI), in an amount equal to the federal poverty level for the taxpayer's household size multiplied by the ratio of the number of elderly senior dependents claimed for the taxable year over the total household size.

The bill would define the following terms:

- “Elderly senior” means an individual who is the following age or older as of the last day of the taxable year:
 - For taxable years beginning on or after January 1, 2027, and before January 1, 2028, 90 years of age.
 - For taxable years beginning on or after January 1, 2028, and before January 1, 2029, 89 years of age.
 - For taxable years beginning on or after January 1, 2029, and before January 1, 2030, 88 years of age.
 - For taxable years beginning on or after January 1, 2030, and before January 1, 2031, 87 years of age.
 - For taxable years beginning on or after January 1, 2031, and before January 1, 2032, 86 years of age.
- “Federal poverty level” means the poverty guidelines updated periodically in the Federal Register by the United States (US) Department of Health and Human Services under authority of subsection (2) of Section 9902 of Title 42 of the US Code.
- “Household income” means household income, as defined in Health and Safety Code (HSC) section 120960, which equals the sum of the applicant’s or recipient’s modified adjusted gross income (MAGI), plus the MAGI of the applicant’s or recipient’s spouse or registered domestic partner, and the MAGIs of all other individuals for whom the applicant or recipient, or the applicant’s or recipient’s spouse or registered domestic partner, is allowed a federal income tax deduction for the taxable year. For purposes of this HSC section, MAGI means MAGI as defined for purposes of eligibility for federal health care subsidy program, which is federal adjusted gross income increased by certain exempt foreign income, interest income, and retirement income.
- “Household size” means the following:
 - Except as specified below, one plus the number of dependents properly claimed for the taxable year.
 - In the case of a taxpayer who is a surviving spouse, as defined in Revenue and Taxation Code (RTC) section 17046, or a married couple filing a joint return, two plus the number of dependents properly claimed for the taxable year.
- “Qualified taxpayer” means a taxpayer for whom household income is less than or equal to 600% of the federal poverty level for their household size, without regard for the deduction provided by this bill, and who claims one or more elderly senior dependents.

This bill provides that the Legislature intends to comply with the reporting requirements of RTC section 41.

This deduction would be repealed on December 1, 2033.

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 allow for the deduction of certain expenses, from gross income, when calculating AGI, such as moving expenses and interest on education loans, certain ordinary and necessary trade and business expenses, losses from the sale or exchange of certain property, contributions for pension, profit-sharing and annuity plans of self-employed individuals, and retirement savings. Thus, all taxpayers with these types of expenses receive the benefit of the deduction, regardless of whether the taxpayer itemizes deductions or uses the standard deduction. These are known as above-the-line deductions.

There are currently no federal or state deductions comparable to the deduction this bill would create.

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

Implementation Considerations

Franchise Tax Board (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 uses inconsistent terminology, i.e., "taxpayer" and "qualified taxpayer" that could lead to taxpayer confusion. For clarity, it is recommended to use "qualified taxpayer" throughout the bill.

The bill uses the definition of "household income" under HSC 120960, which references MAGI for purposes of determining eligibility for federal health care subsidies. This information is not reported on the California personal income tax return and would be administratively difficult to determine for taxpayers and the FTB. The author may wish to amend the bill to instead use a measure that is reported on the California Personal Income Tax return, such as the taxpayer's adjusted gross income, for purposes of the definition of household income.

In addition, the definition of “household income” uses undefined terms and information that FTB does not have, such as whether a taxpayer is an applicant or a recipient under the human immunodeficiency virus (HIV) treatment program under HSC 120960. If the author’s intent is not for household income to mean a taxpayer who is an applicant or recipient of an HIV treatment program under HSC 120960, the author may wish to clarify by substituting “qualified taxpayer” for “applicant or recipient” for purposes of the definition of household income.

The federal poverty level is updated annually by the US 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.

Technical Considerations

In Section 17072(d), replace “relating to the general rule”, with “relating to general rule”.

For consistency with the RTC, remove the word “properly” from Sections 17213(b)(4)(A) and (B).

Policy Considerations

This bill defines “household size” to include filing statuses such as surviving spouse and married couple filing a joint return but does not include head of household. If this is contrary to the author’s intent, the author may wish to amend the bill.

Under RTC 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, performance measures, and data collection requirements to allow the Legislature to evaluate the effectiveness of the tax benefit. The author may wish to amend the bill to include specific goals, purposes, objectives, performance measures, and data collection requirements.

LEGISLATIVE HISTORY

SB 1096 (Dahle, 2025/2026), under the PITL, would allow a senior tax credit to a qualified taxpayer in an amount equal to \$1,500 per dependent claimed for each taxable year beginning on or after January 1, 2026, and before January 1, 2031. SB 1096 is currently in the Senate Committee on Revenue and Taxation.

AB 490 (Tangipa, 2025/2026), under the PITL, would have allowed an above-the-line deduction for interest paid by a taxpayer on a qualified motor vehicle loan for taxable years beginning on or after January 1, 2026, and before January 1, 2031. AB 490 did not pass out of the Assembly 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 identified.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of SB 1249 as Introduced February 19, 2026.
Assumed Enactment after June 30, 2026

(\$ in Millions)

Fiscal Year	Revenue
2026-2027	-\$41
2027-2028	-\$85
2028-2029	-\$100

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 data from the California Department of Finance, tax returns filed with the FTB, and the US Department of Health and Human Services, it is estimated there would be approximately 120,000 qualified taxpayers who care for an elderly senior dependent in the 2027 taxable year. Based on an average household size of 3 and one elderly dependent per household, the average deduction would be approximately \$10,000 per qualified taxpayer. This would result in total deductions of approximately \$1.1 billion. Applying an average tax rate of 6.3% would result in an estimated revenue loss of approximately \$71 million in the 2027 taxable year.

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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