



Bill Analysis

Author: Richardson

Sponsor:

Bill Number: SB 1249

Related Bills: See Legislative
History

Amended: May 14, 2026

SUBJECT

Elderly Senior Deduction

SUMMARY

This bill, under the Personal Income Tax Law (PITL), would allow an above-the-line deduction equal to \$3,000 for each taxpayer or taxpayer's spouse who is an elderly senior 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

The May 14, 2026, amendments modified the deduction amount from \$6,000 to \$3,000 and made other non-substantive changes. Otherwise, the Franchise Tax Board's (FTB) analysis of the bill as amended on April 23, 2026, still applies, leaving the technical considerations unresolved. The FTB also identified one minor new technical consideration.

REASON FOR THE BILL

The reason for the bill is to provide tax relief to elderly seniors.

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 \$3,000, subject to a reduction, for each qualified individual.

The deduction would be reduced by 6% for taxpayers with AGI listed below:

- For a married couple filing a joint return, the amount by which the taxpayer's federal AGI exceeds \$150,000.
- For all other filers, the amount by which the taxpayer's federal AGI exceeds \$75,000.

A reduction made pursuant to this bill could not exceed the maximum value of the deduction.

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.
- “Qualified individual” means both of the following:
 - The taxpayer if the taxpayer is an elderly senior, and
 - In the case of a married couple filing a joint return, the taxpayer's spouse if the taxpayer's spouse is an elderly senior.

This bill would require, for purposes of complying with Revenue and Taxation Code (RTC) section 41, the FTB to report to the Legislature, on or before May 1, 2029, and annually thereafter. The report would be required to include the number of taxpayers claiming the deduction, the aggregate amount of deductions claimed, and a breakdown of the deduction claimed by federal AGI. The Section 41 reporting requirements would be treated as an exception to the general prohibition against disclosure of confidential taxpayer information.

This deduction would be repealed on December 1, 2032.

Effective/Operative Date

As a tax levy, this bill would be effective immediately upon enactment, 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

None noted.

Technical Considerations

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.

For consistency of terminology, the following changes are recommended:

- Revise the relating provisions to mirror the relevant heading in the IRC:
 - In Section 17072(c), replace "attorney's" with "attorneys".
 - In Section 17072(d), replace "relating to the general rule" with "relating to general rule".
- In Section 17213(a)(1), remove "to a taxpayer".
- In Section 17213(c)(1)(B), replace "that claimed" with "allowed".
- In Section 17213(c)(1)(B)(iv), replace "claim" with "allowed".

Policy Considerations

None noted.

LEGISLATIVE HISTORY

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.

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 did not pass out of Senate Committee on Revenue and Taxation, however, reconsideration has been granted.

SB 1137 (Valladares, et al., 2025/2026), under the PITL, for taxable years beginning on or after January 1, 2026, and before January 1, 2031, would allow an above-the-line deduction for uninsured medical expenses that exceeds **4% of the qualified taxpayer's** federal AGI. SB 1137 did not pass out of the Senate Committee on Appropriations 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 Amended May 14, 2026.
Assumed Enactment after June 30, 2026

(\$ in Millions)

Fiscal Year	Revenue
2026-2027	-\$24
2027-2028	-\$49
2028-2029	-\$65

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, and tax returns filed with the FTB, it is estimated there approximately 250,000 qualified individuals would generate a deduction of approximately \$700 million dollars in taxable year 2027. Applying an average tax rate of 6% would result in a total revenue loss of \$42 million in taxable year 2027.

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

Senate Committee on Revenue and Taxation Report, dated May 1, 2026

Support

California Alliance of Retired Americans
California Association of Area Agencies on Aging
LeadingAge California

Opposition

California Teachers Association

ARGUMENTS

Senate Committee on Revenue and Taxation Report, dated May 1, 2026

Proponents

None on file.

Opponents

None on file.

LEGISLATIVE CONTACT

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