



Bill Analysis

Author: Choi, et al.

Sponsor:

Bill Number: SB 666

Related Bills: See Legislative
History

Introduced: February 20, 2025

SUBJECT

Security Surveillance System Tax Credit

SUMMARY

Under the Personal Income Tax Law (PITL), for taxable years beginning on or after January 1, 2026, and before January 1, 2031, this bill would allow for a credit against net tax for the purchase and installation of a home security surveillance system.

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 assist California residents who purchase a home security surveillance system to protect their residence.

ANALYSIS

Under the PITL, this bill would allow a tax credit for the purchase and installation of a security surveillance system for taxable years beginning on or after January 1, 2026, and before January 1, 2031. The credit would be equal to 100% of the amount paid or incurred during the taxable year for the purchase and installation of a security surveillance system at the taxpayer's qualified residence. The credit would be limited to a maximum of \$250 per taxable year.

Each qualified residence would only be eligible for one credit per taxable year. If a taxpayer files a separate return for a taxable year for which they could have filed a joint return with another taxpayer, only one of the taxpayers would be able to claim the credit.

Unused credits would have an unlimited carryover period.

The bill defines the following terms:

- “Principal residence” would have the same meaning as that term is used in Internal Revenue Code section 121.
- “Qualified residence” would mean a single-family residence located in the state that is the taxpayer’s principal residence.
- “Security surveillance systems” would mean any video, audio, or photographic recording devices installed for purposes of surveilling or recording activity occurring at the qualified residence.

This credit would be repealed on December 1, 2031.

The bill includes Revenue and Taxation Code (RTC) section 41 requirements that would provide that the measurement of effectiveness of the credit would be the number of taxpayers that claimed the credit for the most recent taxable year. The Franchise Tax Board (FTB) would be required to annually report to the legislature the credit data beginning no later than June 30, 2028, and each June 30 thereafter.

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 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.

Current state and federal laws generally allow taxpayers engaged in a trade or business to deduct all expenses that are considered ordinary and necessary in conducting that trade or business.

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

Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

The FTB has identified the following policy considerations and is available to work with the author's office to resolve these and other considerations that may be identified.

This bill would allow an unlimited carryover period. Credits are generally enacted with a limited carryover period because experience shows that credits typically are exhausted within eight years of being earned. For ease of compliance and administration, the author may wish to amend the bill.

This bill would require the FTB to prepare a report on the performance of the credit allowed by this bill no later than June 30, 2028, and each June 30 thereafter; and the final report, including the 2030 tax year data, would be due in 2032. This would be after the repeal date of the credit. If this is contrary to the author's intent, the author may wish to amend the bill.

LEGISLATIVE HISTORY

AB 976 (Ávila Farías, 2025/2026), under the PITL and Corporation Tax Law (CTL), would allow a credit to qualified taxpayers in an amount equal to the taxpayer's qualified retail theft prevention expenses, limited to \$4,000, for taxable years beginning on or after January 1, 2026, and before January 1, 2028, subject to a credit reservation by the California Tax Credit Allocation Committee. AB 976 has been referred to the Assembly Revenue and Taxation Committee Suspense File.

SB 665 (Choi, et al., 2025/2026), under the PITL and the CTL, would allow a credit against net tax for retail theft prevention measures. This bill is currently in the committee process with the Senate Revenue and Taxation Committee.

AB 2219 (Wallis, 2023/2024), similar to this bill, under the PITL, would have allowed for a credit against net tax for the purchase and installation of a security surveillance system. This bill was held in the Assembly Revenue and Taxation Committee without further action.

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 666 as Introduced on February 20, 2025
Assumed Enactment after June 30, 2025

(\$ in Millions)

Fiscal Year	Revenue
2025-2026	\$0
2026-2027	-\$140
2027-2028	-\$130

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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