

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1690 (Ahrens) – As Amended April 13, 2026

Policy Committee: Revenue and Taxation

Vote: 5 - 2

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill expands the California Young Child Tax Credit (YCTC) by gradually modifying the definition of “qualifying child” to include children over the age of five.

Specifically, this bill:

- 1) Provides that a “qualifying child” under the YCTC means a qualifying child under the California Earned Income Tax Credit (CalEITC) whose age is:
 - (a) For taxable years beginning before January 1, 2026, a child younger than six years of age, as of the last day of the taxable year.
 - (b) For taxable years beginning on or after January 1, 2026, and before January 1, 2038, a child younger than the age limit from the prior taxable year, plus one year, as of the last day of the taxable year (accordingly, six years old for the 2026 taxable year, seven years old for the 2027 taxable year, and so on).
 - (c) For taxable years beginning on or after January 1, 2038, a child of less than 18 years of age, as of the last day of the taxable year.
- 2) Declares the purpose of this tax expenditure and modifies the Franchise Tax Board’s (FTB’s) existing reporting requirement regarding YCTC data to separately, for comparison purposes, provide data for YCTC claimants as if these YCTC changes were not in effect.

FISCAL EFFECT:

- 1) General Fund (GF) revenue loss of approximately \$60 million in fiscal year (FY) 2026-27, \$120 million in FY 2027-28, and \$190 million in FY 2028-29.

By reducing state Personal Income Tax revenue, this bill also likely decreases Proposition 98 GF spending by approximately 40% of the revenue loss (the exact amount depends on the operative test of the annual Proposition 98 guarantee).

- 2) Costs of an unknown, but potentially significant, amount to the FTB to reprogram systems, revise forms, conduct taxpayer outreach, and provide additional reporting for an expanded YCTC (GF).

The Legislative Analyst's Office recently warned of GF structural deficits of around \$35 billion per year in FY 2027-28 and ongoing.

COMMENTS:

- 1) **Purpose.** The author notes that “With the impact of H.R. 1, it is more important than ever to ensure that the most vulnerable of California’s young families are supported through the rising cost-of-living crisis.” According to the author, “The extension of the [YCTC] from children under six to children under 18 over the next 12 years would ensure better outcomes not just for individual children and families, but for California as a whole.” This bill is co-sponsored by End Child Poverty California, Golden State Opportunity, and United Ways of California and supported by a large coalition of social justice and community groups.
- 2) **Anti-poverty Tax Credit Expansion.** In 2016, California began offering its own CalEITC, modeled off the federal earned income tax credit, to put money back in the pockets of low-income, working families who file tax returns. The Budget Act of 2019 significantly expanded the CalEITC and also enacted the YCTC to provide an additional \$1,000 credit for every family who qualifies for the CalEITC and has at least one child younger than age six. The Budget Act of 2020 subsequently extended the CalEITC to undocumented taxpayers who file using an Individual Taxpayer Identification Number. Most recently, the Budget Act of 2022 extended the YCTC to zero-income filers, indexed the credit amount and earned income threshold for inflation, and created a Foster Youth Tax Credit, an additional \$1,000 credit for current and former foster youth ages 18 to 25 who qualify for the CalEITC and were in California foster care at age 13 or older. This bill further expands the YCTC by annually raising the qualifying child’s age limitation to the same limitation for a qualifying child under the CalEITC, which is less than 19 years of age, as of the last day of the taxable year.
- 3) **Related Legislation.** AB 397 (M. Gonzalez) is similar to this bill, except AB 397 increases the age of a qualifying child more quickly. AB 397 was held on this committee’s suspense file.

AB 398 (Ahrens) establishes a minimum CalEITC amount of approximately \$300. AB 398 was held on this committee’s suspense file.

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