THIRD READING

Bill No: AB 2186
Author: McKinnor (D), et al.
Amended: 6/16/26 in Senate
Vote: 21

SENATE REVENUE AND TAXATION COMMITTEE: 4-0, 6/24/26
AYES: McNerney, Ashby, Becker, Grayson
NO VOTE RECORDED: Alvarado-Gil

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/13/26
AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab
NOES: Seyarto, Dahle

ASSEMBLY FLOOR: 58-17, 5/26/26 - See last page for vote

SUBJECT: Personal Income Tax Law: exclusions: reparations programs

SOURCE: Author

DIGEST: This bill enacts a Personal Income Tax exclusion for any reparations benefit or payment a taxpayer receives from a local, state, or federal reparations program.

ANALYSIS:

Existing law:

1) Allows various income tax credits, deductions, exemptions, and exclusions.

2) Includes as gross income, in conformity with federal law, all income from any source, including compensation for services, business income, gains from property, interest, dividends, rents, and royalties, unless specifically excluded.

3) Excludes from gross income amounts received as a gift or inheritance, certain compensation for injuries and sickness, qualified scholarships, educational

assistance programs, foster care payments, and interest received on certain state or federal obligations.

4) Makes apologies for the state's role in discriminatory harms, including:

   a) The Apology Act for the 1930s Mexican Repatriation Program, which apologized for California's role in the forcible removal of persons of Mexican ancestry beginning in 1929 and expressed regret for the resulting civil rights violations, suffering, and hardship (SB 670, Dunn, Chapter 663, Statutes of 2005).

   b) The Apology Act for the Perpetration of Gross Human Rights Violations and Crimes Against Humanity, with special consideration for African Slaves and their Descendants, which required a formal apology from the state of California for chattel slavery and its enduring legacy (AB 3089, Jones-Sawyer, Chapter 624, Statutes of 2024).

5) Establishes the first-in-the-nation Task Force to Study and Develop Reparation Proposals for African Americans, with a Special Consideration for African Americans Who are Descendants of Persons Enslaved in the United States (Task Force) (AB 3121, Weber, Chapter 319, Statutes of 2020).

6) Establishes the Bureau for Descendants of American Slavery to implement the Task Force's recommendations (SB 518, Weber Pierson, Chapter 586, Statutes of 2025).

7) Appropriates $6 million to California State University for the purpose of implementing legislation related to genealogy determination, and $6 million to the Tides Foundation to educate Californians on the findings of the California Reparations Task Force report (SB 103, Wiener, Chapter 6, Statutes of 2025).

8) Enacts reparative and restorative tax legislation, including:

   a) AB 1485 (Macedo, Chapter 2, Statutes of 2025), which addressed the property tax consequences of qualifying tribal land-return transactions.

   b) SB 796 (Bradford, Chapter 435, Statutes of 2021), which authorized Los Angeles County to return the Bruce's Beach property to the legal heirs of Charles and Willa Bruce and excluded from California gross income, for personal income tax and corporation tax purposes, both the transfer of

Bruce's Beach and any gain, income, or proceeds directly derived from the first sale, transfer, or encumbrance of the property in the taxable year in which it occurred.

This bill:

1) Excludes any reparations benefit or payment received by a taxpayer during the taxable years 2028 through 2032.

2) Defines "reparations benefit or payment" to mean any monetary payment, grant, trust distribution, debt forgiveness, or other financial compensation provided to an individual pursuant to any of the following:

    a) A statute enacted by the state establishing a reparations program.

    b) A local government ordinance, resolution, settlement, or program establishing a reparations program.

    c) A federal statute, regulation, settlement, or federally administered reparations program.

3) Defines "reparations program" to mean any federal, state, local, tribal, or territorial government program, commission, task force, or other governmental initiative established to provide monetary compensation, benefits, restitution, rehabilitation, satisfaction, guarantees of nonrepetition, or other forms of redress for past or ongoing harms, discrimination, injustice, or inequitable treatment suffered by a defined group of individuals, including, but not limited to, descendants of enslaved persons, incarcerated persons, or members of a protected class.

4) Contains legislative findings and declarations to comply with Section 41 of the Revenue and Taxation Code.

Background

Existing reparations and reparative compensation. The State of California and several local governments have previously authorized compensation for specific historical discriminatory harms tied to particular victims, descendants, or their related property interests, including:

- The Forced or Involuntary Sterilization Compensation Program, which, from 2023 to 2025, provided compensation to eligible survivors of state-sponsored forced or involuntary sterilization. The program stopped accepting new applications on December 31, 2023, and qualified recipients received a payment of $35,000 each.

- The 2025 City of Palm Springs settlement payment to Section 14 survivors and descendants, whose homes were unlawfully demolished and burned by the city during 1950s and 1960s redevelopment. The agreement provides direct financial compensation, housing and business investment programs, and cultural initiatives honoring the legacy of the Section 14 community. According to the City, it transferred the full $5.9 million settlement amount to the survivors' and descendants' legal representatives on October 7, 2025.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee, the Franchise Tax Board (FTB) estimates that for every $1 million in reparations payments received, the revenue loss would be $63,000 (General Fund). FTB's implementation costs would be minor and absorbable.

SUPPORT: (Verified 8/14/26)

California for Safety and Justice
California-Hawai'i State Conference of the NAACP
City of Alameda
Courage California
Friends Committee on Legislation of California
GLIDE
Justice2Jobs Coalition
LA Defensa
Rubicon Programs
Western Center on Law & Poverty, Inc.

OPPOSITION: (Verified 8/14/26)

None received

ARGUMENTS IN SUPPORT: According to the author, "AB 2186 ensures that reparations payments provided through state, local, or federal programs are excluded from California personal income tax for taxable years 2027 through 2032. For centuries, descendants of formerly enslaved people and other communities harmed by systemic injustice have been denied economic redress for historic wrongs. Without a statutory exclusion, these payments could be reduced by state taxes, undermining their purpose and sending the wrong message about justice and repair. By explicitly excluding reparations benefits from gross income, AB 2186 guarantees that recipients receive the full value of these payments, provides certainty for tax administration, and affirms the state's commitment to ensuring reparations serve as meaningful compensation."

ASSEMBLY FLOOR: 58-17, 5/26/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Nguyen, Ortega, Pacheco, Papan, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas
NOES: Castillo, Chen, Davies, DeMaio, Dixon, Ellis, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Johnson, Macedo, Patterson, Sanchez, Ta, Tangipa, Wallis
NO VOTE RECORDED: Flora, Lackey, Muratsuchi, Patel, Celeste Rodriguez

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