

Date of Hearing: June 29, 2026

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION
Mike Gipson, Chair

SB 1072 (Committee on Housing) – As Amended June 3, 2026

Majority vote. Fiscal committee.

SENATE VOTE: 35-0

SUBJECT: Housing omnibus.

SUMMARY: Updates various provisions of state law relating to the Low-Income Housing Tax Credit (LIHTC) to account for recent federal changes, among other technical changes.

Specifically, **this bill:**

- 1) Modifies, under the Personal Income Tax (PIT) Law, the Gross Premiums Tax Law, and the Corporation Tax (CT) Law, for purposes of the LIHTC, the applicable percentage of the present value of the credit for a new building that is not federally subsidized and for federally subsidized buildings, effective January 1, 2027.
- 2) Modifies, under the Health and Safety Code (H&SC), the definition of "agricultural worker" and "farmworker" for purposes of the LIHTC to mean an individual who derives, or prior to retirement or disability, derived a substantial portion of their income as an agricultural employee as defined in Labor Code Section 1140.4(b).
- 3) Requires the California Tax Credit Allocation Committee (CTCAC) to include in its annual report to the Legislature, for projects that have received an allocation on or after January 1, 2026, aggregated information from housing sponsors relating to the total number of units assisted by the credit that meet each of the following conditions:
 - a) The unit is accessible to people with mobility disabilities;
 - b) The project is required to provide priority for the unit to people with mobility disabilities;
 - c) The unit is accessible to people with hearing and vision disabilities; and,
 - d) The project is required to provide priority to the unit to people with hearing and vision disabilities.
- 4) Makes several noncontroversial changes to Regional Housing Needs Assessments, Housing Element Cycles, Preservation Notice Law, Affordable Housing and High Roads Jobs Act of 2021, and Housing Crisis Act, as specified.

EXISTING FEDERAL LAW establishes the LIHTC, which provides a credit for the costs of constructing, rehabilitating, or acquiring low-income rental housing. The credit may be claimed over a 10-year period and equals either 70% of the qualified basis for projects that are not federally subsidized or 30% for projects that are federally subsidized. These are commonly

referred to as the 9% credit or the 4% credit, respectively, which reflects the annualized credit percentage that a qualified taxpayer may claim over the 10-year period. The 9% credit is subject to an annual federally determined cap that is based on state population, whereas the 4% cap is subject to a state's private activity bond capacity. (Internal Revenue Code Section 42 *et seq.*)

EXISTING STATE LAW:

- 1) Enacts the PIT Law, which imposes a tax at specified percentages on a taxpayer's taxable income, as defined, and the CT Law, which generally imposes a tax at the rate of 8.84% on the net income of a corporation. (Revenue and Taxation Code (R&TC) Section 17041 *et seq.* and R&TC Section 23151 *et seq.*)
- 2) Imposes a tax on the gross premiums, as specified, of insurers, as defined, at the rate of 2.35%. (California Constitution, Article XIII, Section 28.)
- 3) Authorizes, under the tax on the gross premiums of insurers, the PIT Law, and the CT Law, a state LIHTC that is calculated in partial conformity with the federal LIHTC and may only be claimed over a period of four years. (R&TC Sections 12206, 17058, and 23610.5.)
- 4) Allocates \$70 million on an ongoing basis to the CTCAC for the purposes of administering the LIHTC and adjusts this amount for inflation beginning in the 2002 calendar year, plus any unused amounts for the preceding calendar year and any amount returned in the calendar year. (R&TC Sections 12206(g)(1)(A), 17058(g)(1)(A), and 23620.5(g)(1)(A).)
- 5) Allocates an augmentation to the LIHTC of \$500 million, as specified, beginning in the 2020 calendar year, and annually thereafter only if an appropriation is made in the Budget Act. Among other provisions, the CTCAC is required to develop a scoring system that maximizes the efficient use of public subsidy and benefit created through private activity bonds and LIHTC programs as part of an allocation methodology that emphasizes increased production and cost containment. The factors to consider in making this determination regarding efficient use include, but are not limited to, the following:
 - a) The number and size of units developed including local incentives provided to increase density;
 - b) The proximity to amenities, jobs, and public transportation;
 - c) The location of the development; and,
 - d) The delivery of housing affordable to very low- and extremely low-income households by the development.

For the 2024 through 2034 calendar years, the lesser of 5% of the \$500 million augmentation or \$25 million must be set aside for allocation to "farmworker housing" projects, as defined. (R&TC Sections 12206(g), 17058(g), and 23620.5(g).)

- 6) Requires that at least 20% of the LIHTC subject to the federal ceiling be allocated to rural areas, as defined. (H&SC Section 50199.20.)
- 7) Defines "farmworker housing" as housing in which at least 50% of the units are occupied by farmworkers and their households. (H&SC Section 50199.7(h).)

- 8) Requires the Department of Housing and Community Development to commission a statewide study of farmworker conditions, needs, and solutions to inform a comprehensive strategy for meeting the housing needs of the state's farmworkers by December 1, 2023, and to develop the comprehensive strategy for implementation no later than January 1, 2026. The comprehensive strategy must be submitted to the Legislature no later than January 1, 2027. (H&SC Section 50408.5.)

FISCAL EFFECT: The FTB estimates that this bill will not impact state revenues.

COMMENTS:

- 1) The Senate Committee on Housing provided the following statement in support of this bill:

According to the Legislative Analyst's Office, the cost of producing one bill in 2001-2002 was \$17,890, which, adjusted for inflation, is now roughly \$33,000. The purpose of the Senate Housing Omnibus is to make technical, non-controversial changes to sections of state law regarding housing in one bill. This allows the Legislature to make changes to statutes in one bill in a cost-effective manner. If there is no consensus on a particular item, it cannot be included. There is no known opposition to any item in this bill.

- 2) Committee Staff Comments:

- a) *Double referred:* In addition to this Committee, this bill was referred to the Assembly Committee on Housing and Community Development, which passed this bill on June 24, 2026, with a vote of 11-to-0. For additional discussion regarding issues that fall under that Committee's jurisdiction, please refer to that Committee's analysis.
- b) *The LIHTC:* State and federal law allow a LIHTC to qualified taxpayers for incurring certain costs related to the construction, rehabilitation, or acquisition of low-income rental housing. In practice, low-income rental housing developers design projects and apply to the CTCAC for credits. If the CTCAC authorizes credits, the CTCAC enters a regulatory agreement with the housing developer that stipulates income and rent restrictions. The CTCAC then reserves the credit amount for that application. Subsequently, the developer forms a partnership with investors that exchange equity financing for the credits, and the investors may then claim the credit over the authorized period. Rather than expecting the investment in a LIHTC project to produce income, investors rely on the credit to realize a return in the form of reducing their tax liabilities. The equity raised from this exchange lowers the financing costs for developers such that they can feasibly charge lower rents, thereby potentially expanding the supply of affordable rental housing.

There are two types of the LIHTC, the 9% credit and the 4% credit, which are awarded to projects that are non-federally subsidized or federally subsidized, respectively. The 9% credit is subject to a federally prescribed annual ceiling based on the population of a state; whereas, the 4% credit must have 50% of the project financed by federally tax-exempt bonds.

- c) *Modification and augmentation to the state LIHTC:* The state LIHTC has been extensively modified and augmented over the course of its history. In 2008, SB 1247 (Lowenthal), Chapter 521, Statutes of 2008, eliminated the Farmworker Housing

Assistance Tax Credit Program, which reserved \$500,000 from the LIHTC allocation for farmworker housing projects, and consolidated this set aside into the general LIHTC application process to streamline administration and make the LIHTC program easier to navigate. This set aside is commonly referred to as the "State Farmworker Credit." SB 1247 also allowed the CTCAC to allocate state credits for projects that did not receive a federal credit if the project was occupied only by farmworkers and their households. The Legislature modified this reservation by enacting AB 571 (E. Garcia), Chapter 372, Statutes of 2017, which reduced the occupancy requirement threshold from 100% to 50% of units occupied by farmworker households and allowed farmworker housing projects to qualify for an increase in the credit amount if the project is built in certain development areas and census tracts.

In 2019, the state authorized a new augmentation to the existing LIHTC allocation by enacting AB 101 (Committee on Budget), Chapter 159, Statutes of 2019, which allocated \$500 million in state credits. Under this new augmentation, the CTCAC is required to issue regulations establishing a scoring system for the purposes of evaluating applications on the basis of certain factors, including the proximity of the project to amenities.

In 2022, the Legislature approved, and the Governor signed, AB 1654 (Rivas), Chapter 638, Statutes of 2022, which reserved the lesser of \$25 million or 5% of the allocated amount for farmworker housing projects each year, beginning in 2024 and lasting through 2034. AB 1654 also required the Department of Housing and Community Development to develop a comprehensive strategy to address farmworker housing production, and to submit that strategy to the Legislature by January 1, 2027. The following year, the Legislature again acted to augment the LIHTC to provide additional consideration to farmworker housing by passing AB 1439 (E. Garcia), Chapter 369, Statutes of 2023, which required the CTCAC to consider amending the regulatory scoring system to augment the points received by farmworker housing.

- d) *LIHTC program requirements*: The State Treasurer's Office is required to adopt regulations to implement the statutory provisions of the LIHTC. These regulations stipulate application requirements, eligibility requirements, set-asides and apportionments that provide how much of the LIHTC is awarded to what type of housing, and a scoring system to weigh which applicants receive a LIHTC, among other considerations.

Some of these requirements must be fulfilled, regardless of applicant, while some help determine which projects receive awards within certain categories. These requirements ensure that the LIHTC complies with existing law directing the CTCAC to award credits to promote the development and construction of sufficient, quality, affordable housing in California with the limited federal and state dollars available.

- e) *This bill*: This bill strikes the current state LIHTC credit percentages in the Gross Premiums, PIT, and CT Laws that refer to applicable percentages, and instead replaces them with the explicit percentages currently set in federal law. This change applies to both the 9% and 4% credits. This bill also modifies the relative clause for the special rule for 50% or more of a building that is financed with tax-exempt bonds to instead refer to 25%. This bill also changes a cross-reference and clarifies that projects where 50% or more of the units are dedicated to persons of special needs can receive a basis boost without being located in a specified area.

This bill also makes several noncontroversial changes to Regional Housing Needs Assessments, Housing Element Cycles, Preservation Notice Law, Affordable Housing and High Roads Jobs Act of 2021, and Housing Crisis Act. For a discussion of those changes, please refer to the Assembly Committee on Housing and Community Development's analysis.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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