
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1102 (Dahle) - Personal Income Tax Law: credit: nurses

Version: April 23, 2026

Urgency: No

Hearing Date: May 4, 2026

Policy Vote: REV. & TAX. 5 - 0

Mandate: No

Consultant: Robert Ingenito

Bill Summary: SB 1102 would authorize a personal income tax credit for taxable years 2027 through 2031, as specified, for licensed nurses working in a rural health facility.

Fiscal Impact:

- The Franchise Tax Board (FTB) estimates that this bill would result in General Fund revenue losses of \$5.9 million in 2026-27, \$12 million in 2027-28, and \$13 million in 2028-29. FTB's administrative costs have yet to be identified.
- The Department of Health Care Access and Information (HCAI) would incur General Fund first-year costs of \$391,000, and \$200,000 annually thereafter, to implement the provisions of the bill.

Background: Tax expenditure programs (TEPs) are special tax provisions that reduce the amount of revenues the "basic" tax system would otherwise generate in order to provide (1) benefits to certain groups of taxpayers, and/or (2) incentives to encourage certain types of behavior and activities, such as charitable giving. Specifically, current law provides for, among other things, various income and corporation tax credits and deductions, as well as exemptions from the sales and use tax. The Department of Finance is required to publish a list of TEPs (currently totaling several hundred), which currently exceed \$94 billion annually.

Tax credits directly reduce the amount of tax owed by a taxpayer, making them more impactful than deductions because they result in a dollar-for-dollar reduction. They come in two main types: nonrefundable credits, which can reduce tax to zero, and refundable credits, which can result in a refund if they exceed tax liability. They are used to encourage specific behaviors like working, raising children, pursuing education, or investing in clean energy, but each credit has its own eligibility rules, income limits, and phase-outs. Under current state law, the only refundable credits are the Earned Income Tax Credit, the Young Child Tax Credit, the Foster Youth Tax Credit, and the Motion Picture and Television Production Credit.

Data from the U.S. Bureau of Labor Statistics and the Bureau of Health Workforce (BHW) project a national RN shortage over the next decade. BHW projects this shortage will be significantly higher in rural parts of the State.

Proposed Law: This bill, among other things, would do the following:

- Authorize a personal income tax credit to a licensed nurse employed at a rural health facility, as specified, for taxable years 2027 through 2031 in an amount equal to \$2,000 per taxpayer per taxable year.
- Require HCAI to provide an annual list to FTB of rural health facilities, as specified.

Staff Comments: FTB assumes that 12,000 taxpayers would qualify for the credit in tax year 2027. About two-thirds of the credits generated would be earned by taxpayers with a tax liability large enough to offset with the credit.

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