
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1407 (Archuleta) - Personal Income Tax Law: exclusions: military retirement pay: survivor benefit pay

Version: April 9, 2026

Policy Vote: REV. & TAX. 5 - 0, M.&V.A.
4 - 0

Urgency: No

Mandate: No

Hearing Date: May 14, 2026

Consultant: Robert Ingenito

Bill Summary: SB 1407 would expand the State's gross income exclusion for qualifying military retirement pay and federal Survivor Benefit Plan (SBP) annuity payments, as specified.

******* ANALYSIS ADDENDUM – SUSPENSE FILE *******

**The following information is revised to reflect amendments
adopted by the committee on May 14, 2026**

Fiscal Impact: The Franchise Tax Board (FTB) estimates that this bill would result in General Fund revenue losses of \$60 million in 2026-27, \$39 million in 2027-28, and \$39 million in 2028-29. FTB's implementation costs have yet to be identified.

Committee Amendments: Reduce the exclusion from \$80,000 to \$40,000, and begin the change in tax year 2026.

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