Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 999 (Weber Pierson) – As Introduced February 9, 2026

Policy Committee: Revenue and Taxation Vote: 5 - 2

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill delays, from March 1 to June 1, the annual due date for a Franchise Tax Board (FTB) report regarding healthcare coverage penalties.

FISCAL EFFECT:

Minor and absorbable costs to the FTB to publish the report by a later date and include additional data in the report from tax returns filed in October.

COMMENTS:

1) **Purpose.** According to the author:

> Following the elimination of the federal Individual Shared Responsibility Penalty in 2019, the UCLA Center for Health Policy Research projected that approximately 150,000-450,000 more Californians would become uninsured by 2020, growing to between 490,000-790,000 more uninsured by 2023, due to the elimination of the penalty…
>
> SB 78 (Committee on Budget and Fiscal Review), Chapter 38, Statutes of 2019, responded to this by reinstating the penalty payment in California to help prevent such a substantial number of Californians from losing their health insurance, as well as any further destabilization of the insurance market. AB 414 (Bonta), Chapter 801, Statutes of 2019, built upon this mandate by requiring the FTB to annually report specified data regarding qualified individuals who paid the penalty in California. However, the current deadline for the annual report only includes timely field and processed return data available as of September 30th, preventing FTB from including October extension filers in the report. Delaying the publication date would allow FTB to more accurately portray the number of Californians without coverage.

2) **Background.** ***Healthcare Mandate.*** The federal Affordable Care Act requires most individuals to maintain health insurance coverage or pay a penalty for non-compliance collected through the federal tax return. However, the federal Tax Cuts and Jobs Act reduced the non-compliance penalty to $0 beginning in tax year 2019. Subsequent state law thus

enacted a state mandate for most individuals to maintain minimum essential healthcare coverage or pay an individual shared responsibility (ISR) penalty for non-compliance when filing their state personal income tax (PIT) return. The penalty amount is the higher of either: (a) a flat amount, based on the number of people in the taxpayer's household, or (b) a percentage of the taxpayer's household income. For example, sample penalty amounts for 2025 on the FTB's website are $950 for an individual with income of less than $57,580 and $2,850 for a family of four with income of less than $177,163.

Due Dates. Existing state law requires the FTB to annually report specified ISR penalty data to the Legislature by March 1. According to the FTB, this existing due date precludes the FTB from incorporating ISR penalty data from extension filers into the report. While PIT payments and returns are generally due on or before April 15 each year, this deadline has been extended for certain taxpayers in recent years due to emergency disaster declarations in various parts of the state. Additionally, existing law grants individual taxpayers an automatic six-month extension upon request to file their PIT return (although payment is still due on April 15), resulting in numerous timely returns filed on or before October 15 each year.

3) **Proposed Amendments.** This bill delays the March 1 due date for the ISR penalty data report to June 1, thus providing the FTB more time to analyze and incorporate data from the prior tax year's extension filers into the report. However, delaying the report until June 1 makes it more difficult for the report's findings to be considered by legislators, state officials, and the public when deliberating the state budget that must be passed by June 15. Thus, the committee and the author's office have agreed to the following amendment delaying the report due date to April 1, instead of June 1:

> (a) On or before March 1, 2022, and annually on or before ~~June~~ **April** 1 thereafter, the Franchise Tax Board shall report to the Legislature on information regarding this part…

This amendment will still allow the FTB to capture PIT return data from a large portion of extension filers when preparing the ISR penalty data report, while also allowing full consideration of the report's findings during the budget process.

Analysis Prepared by: Irene Ho / APPR. / (916) 319-2081