SENATE THIRD READING
SB 999 (Weber Pierson)
As Amended August 06, 2026
Majority vote

SUMMARY

Delays, from March 1 to April 1, the annual reporting due date for the healthcare mandate individual shared responsibility (ISR) penalty report published by the Franchise Tax Board (FTB).

Major Provisions

COMMENTS

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.

What problem does this bill seek to solve? While individual tax returns are typically due on or before April 15 of each year, the filing deadline has been extended for some taxpayers in recent years due to the COVID-19 pandemic and natural disasters in various parts of the state. Additionally, California provides individual taxpayers with an automatic six-month extension to file their personal income return, which means these taxpayers must file on or before October 15. An extension to file the return is not an extension of the payment deadline, however. Taxpayers must pay the amount owed by April 15 to avoid penalties and interest.

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. The Center states that the zeroing out of the penalty payment reduces incentive for healthier individuals to sign up for coverage, which leads to an inevitable increase in premiums and a further decrease in enrollment rates.
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> 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 filed 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.

Arguments in Support
Health Access California, writing in support of this measure, notes, in part:

> In 2019, the legislature reinstated the penalty payment in California and required the Franchise Tax Board to annually report data regarding the individuals who paid the penalty in California. However, the current deadline only includes data available as of September 30th, preventing October extension filers in the report. Californian provides individuals taxpayers with an automatic six-month extension to file their personal return, meaning they must file on or before October 15th. Delaying the date of the report will more accurately show the number of Californians without coverage.

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations, this bill will create 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.

VOTES

SENATE FLOOR: 38-0-2
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Menjivar, Seyarto

ASM REVENUE AND TAXATION: 5-2-0
YES: Gipson, Carrillo, McKinnor, Quirk-Silva, Michelle Rodriguez
NO: Sanchez, DeMaio

ASM APPROPRIATIONS: 13-1-1
YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa
NO: Hoover
ABS, ABST OR NV: Dixon

UPDATED

VERSION: August 6, 2026

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