

UNFINISHED BUSINESS

Bill No: SB 999
Author: Weber Pierson (D)
Amended: 8/6/26
Vote: 21

SENATE REVENUE AND TAXATION COMMITTEE: 5-0, 3/25/26
AYES: McNerney, Alvarado-Gil, Ashby, Becker, Grayson

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SENATE FLOOR: 38-0, 4/16/26 (Consent)
AYES: 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
NO VOTE RECORDED: Menjivar, Seyarto

ASSEMBLY FLOOR: Passed, 8/24/26

SUBJECT: Franchise Tax Board: reporting requirements

SOURCE: Author

DIGEST: This bill changes the due date from March 1 to April 1 for the Franchise Tax Board (FTB) to report to the Legislature specific information regarding California's minimum essential health coverage requirement and individual shared responsibility penalty.

Assembly Amendments change the due date of the FTB report to April 1 instead of June 1.

ANALYSIS:

Existing federal law:

- 1) Requires health care insurers to offer coverage to all individuals, regardless of their age or health status, pursuant to the Patient Protection and Affordable Care Act (ACA) of 2010.
- 2) Requires nearly everyone to have minimum essential coverage (MEC) for health care or pay a tax penalty collected by the Internal Revenue Service as part of the federal income tax form, unless an exemption applies.
- 3) Reduces, beginning in 2019, the tax penalty for individuals who fail to maintain MEC to \$0.
- 4) Authorizes the Advanced Premium Tax Credit for individuals between 100-400% of the federal poverty line (FPL), with some exceptions below 100% FPL and other eligibility conditions.
- 5) Creates state-based health insurance exchanges.
- 6) Allows states to operate their own exchanges or have the Department of Health and Human Services and operate an exchange within the state.

Existing state law:

- 1) Creates a California Health Benefit Exchange, also known as Covered California, to administer the ACA at the state level (AB 1602, Perez, Chapter 655, Statutes of 2010; and SB 900, Alquist, Chapter 659, Statutes of 2010).
- 2) Establishes a program within Covered California to provide state subsidies to assist individuals with incomes under 600% of the FPL to afford health insurance (SB 78, Committee on Budget and Fiscal Review, Chapter 38, Statutes of 2019).
- 3) Requires California residents and any of their dependents to have MEC for each month beginning on January 1, 2020, unless they qualify for an exemption.
- 4) Impose a penalty on individuals who fail to maintain MEC, known as the “Individual Shared Responsibility Penalty,” almost identical to the penalty in federal law. The penalty must be included on the individual’s tax return and applies to any month in which an individual or their dependent fails to maintain MEC.
- 5) Requires the FTB to annually publish on its website:
 - a) The number of applicable households paying the penalty and the average penalty amount by applicable household income level.

- b) The number of applicable households paying the penalty in each county and statewide.
 - c) The total penalty amount collected.
 - d) The number and type of most commonly claimed exemptions.
 - e) The number and total penalty amounts collected.
- 6) Directs FTB to also report to the Legislature specific data on the MEC and failure to maintain the penalty (AB 414, Bonta, Chapter 801, Statutes of 2019), including:
- a) The number of applicable households that pay the penalty and the number of dependents claimed by applicable households that pay the penalty by county and by federal poverty level category: 0% to 138% of FPL, 139% to 266% of FPL, 267% to 400% of FPL, and above 401% of FPL.
 - b) The total penalty amounts imposed by county and by adjusted gross income class.
 - c) The total statewide penalty amount imposed.
 - d) The total number of exemptions applied, and the most common exemptions applied.
 - e) The number and total amounts of penalties imposed and collected on applicable entities that provide MEC, including plan sponsors of employment-based health plan coverage.
 - f) The number and amount of state financial subsidies paid and adjustments made through reconciliation, by county and by federal poverty level category.
- 7) Requires that this data be reported to the Legislature, on or before March 1, 2022, and annually thereafter.

This bill changes the due date from March 1 to April 1 for the Franchise Tax Board to report to the Legislature specific information regarding California's MEC requirement for health care and individual shared responsibility penalty.

Background

Getting the whole picture. Changing the statutory due date for the MEC penalty report to April 1st would allow FTB an additional month of data collection. Including those additional returns would make the report more complete and give the Legislature a more accurate measure of penalty incidence and collections.

By the numbers. The FTB's February 2026 Health Care MEC Individual Mandate Report was timely filed and prepared using processed return data available as of September 30, 2025. The report includes data tables and qualitative analysis that satisfy the statutory reporting mandate. For example, the report indicates that in 2025, the Individual Shared Responsibility Penalty was assessed to 208,283 households for a total assessed amount of \$237,804,497, with an average assessment of \$1,142 and a mean of \$900.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Assembly Appropriations Committee, SB 999 would result in 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.

SUPPORT: (Verified 8/24/26)

Health Access California

OPPOSITION: (Verified 8/24/26)

None received

ARGUMENTS IN SUPPORT: 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. 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 Franchise Tax Board (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.”

Prepared by: Haley Summers / REV. & TAX. / (916) 651-4117
8/24/26 16:39:33

**** **END** ****