



October 9, 2026

The Honorable Roger Niello
Senator, 6th District
State Capitol
Sacramento, CA 95814

RE: Senate Bill 5, Tax Credits for Middle Class – Support IF Amended

Dear Senator Niello,

On behalf of our member employers, the California Chamber of Commerce respectfully supports Senate Bill 5 if it is amended. The middle-class families this bill helps are the same people who staff our businesses and shop in our communities. SB 5 gives them targeted relief from rising costs without adding a mandate on the employers who hire them.

Relief for families, without new costs for employers. The credit ranges from \$1,000 to \$4,000 depending on the number of qualifying children, and the bill places no withholding, reporting, or administrative duty on employers. That is the right design: families get help, and businesses are not handed a new compliance cost.

A clear commitment to protect the business tax base. Section 3 states that the credit will not be funded through an increase in the corporate franchise tax rate or the commercial property tax rate. For the employers we represent, that language matters. When new costs are added to businesses, they are passed into prices, wages, and hiring decisions, and ultimately onto the same families this bill is trying to help.

Short-term and budget-conscious. With a \$20 million annual cap, funding subject to appropriation, and a sunset after the 2029 tax year, SB 5 offers relief without creating a permanent obligation that could later be paid for with new taxes.

To make sure the bill delivers on these goals, CalChamber respectfully asks that SB 5 be amended to address the following:

Extend the protection to all business taxes: Section 3 bars funding through two specific taxes. A future budget could still turn to other business taxes or fees to make up a gap. The bill should protect the full business tax base, not only two taxes within it.

Confirm that employers carry no new duties: The bill should say plainly that the credit creates no reporting, withholding, or payroll obligations for employers, so that no later regulation can add one.

Clarify how the \$20 million cap is applied: Section 3 creates fixed credit amounts between \$1,000 and \$4,000. However, it also limits total spending to \$20 million per year and calls this amount a "Required Appropriation." At these rates, \$20 million will only help a tiny fraction of qualified homes. The bill needs to clarify that \$20 million is a maximum limit, not a guaranteed spending amount. It must also explain exactly what happens if total claims go over this budget, so taxpayers and the committee know what to expect

To place this in legal language, CalChamber respectfully asks the author and the Committee to adopt the following amendment to Section 3:

"The credit established under this section shall not be funded, directly or indirectly, through any new or increased tax, fee, or assessment on businesses, including the corporate franchise tax or the commercial property tax. Nothing in this section shall impose any reporting, withholding, or payroll obligation on an employer."

With these amendments, SB 5 would give California families meaningful, time-limited relief while protecting the employers who keep our economy running. If they are adopted, CalChamber would be pleased to move to full support. We would welcome the chance to meet with your office before the bill is heard. Thank you for your leadership and for your work on behalf of California's families.

Sincerely,

Aishah Apalara

Aishah Apalara (She/Her/Hers) - Lobbyist

