



# DAVID TANGIPA

CA STATE ASSEMBLYMEMBER | 8TH DISTRICT



## **AB 490 – Motor Vehicle Loan Interest Deduction**

### **Summary:**

AB 490 provides financial relief to California taxpayers by allowing a temporary deduction for interest paid on a qualified motor vehicle loan. This measure will help individuals, commuters and families manage the rising costs of vehicle ownership.

### **Existing Law:**

While the federal tax law allows certain deductions for interest paid on mortgages and student loans, there is currently no equivalent deduction for vehicle loans

### **Problem:**

Many residents depend on personal vehicles for work, school, and daily responsibilities, yet financing a used or new car has become a growing financial burden. As vehicle prices and interest rates continue to climb, many Californians struggle to afford car payments for sensible and reliable cars. Transportation is not only a fundamental necessity for daily life in many areas of California, but it also plays a crucial role in ensuring access to employment, education, healthcare, and social activities. Between the

highest gas prices in the country, incoming electric vehicle mandates, costly registration fees and regular maintenance, elevated loan interest rates create significant financial strain on working families, small business owners, and commuters.

### **Solution:**

AB 490 provides relief by allowing taxpayers to deduct the interest paid on one personal motor vehicle loan from their adjusted gross income for taxable years beginning on or after January 1, 2026, and before January 1, 2031. By reducing taxable income, this bill helps Californians keep more of their hard-earned money while ensuring access to reliable transportation.

### **Contact:**

Belle Castro – Legislative Director  
Office of Asm. Tangipa

[Belle.Castro@asm.ca.gov](mailto:Belle.Castro@asm.ca.gov)

916-319-2008