
SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No:	AB 93	Hearing Date:	June 24, 2020
Author:	Committee on Budget		
Version:	June 22, 2020 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Joe Stephenshaw		

Subject: Personal income taxes: earned income tax credit: young child tax credit: federal individual taxpayer identification number

Summary: This is the California Earned Income Tax Credit (EITC) trailer bill.

Background: In SB 80 (Committee on Budget and Fiscal Review), Chapter 21, Statutes of 2015, the Legislature created the EITC, a state refundable tax credit for wage income that is intended to benefit very low-income households. Specifically, the program builds off the federal EITC and established a refundable credit for tax years beginning on or after January 1, 2015. The credit is applied to personal income tax liabilities associated with earned wage income. The program provides for a credit amount during a phase-in range of earned wage income according to specified percentages based on the number of qualifying children.

SB 106 (Committee on Budget and Fiscal Review), Chapter 96, Statutes of 2017, expanded the EITC to allow previously ineligible self-employed workers to qualify for the state EITC, and raised the credit's income eligibility limits so that workers higher up the income scale would qualify.

SB 855 (Committee on Budget and Fiscal Review), Chapter 52, Statutes of 2018, expanded the EITC to working individuals who are aged 18 to 24 or over age 65. Additionally, SB 855, expanded the qualifying income range for the EITC so that employees who have one or more dependents, and who are working up to full-time at the 2019 minimum wage of \$12 per hour, would qualify for the credit.

AB 91 (Burke), Chapter 39, Statutes of 2019, expanded the EITC by raising the annual computation floor from 3.1 to 3.5 percent, revising the computation factors to increase the credit amount for certain taxpayers, raising the maximum income to \$30,000, and providing a refundable Young Child Tax Credit (YCTC) for qualifying families with at least one child under the age of six.

Proposed Law:

- 1) Expands EITC and YCTC eligibility to Individual Taxpayer Identification Number filers with at least one child under the age of six and specifies that children six and over would count as qualifying children, as long as the family has at least one child under six.

- 2) Removes from conformity to Internal Revenue Code EITC eligibility rules related to the exception from eligibility for certain Social Security Numbers. The removal of that conformity would apply for all taxpayers, regardless of whether they have children under six in the family.

Fiscal Effect: By authorizing payments to additional taxpayers from the continuously appropriated Tax Relief and Refund Account for amounts of EITCs and YCTCs, this bill would make an appropriation. The expansion of the EITC and YCTC provided for in this bill is estimated to cost approximately \$65 million in the 2020-21 fiscal year.

Support: None on file.

Opposed: None on file.

-- END --