

ASSEMBLY THIRD READING  
AB 1515 (Santiago)  
As Amended April 26, 2021  
Majority vote

## SUMMARY

Establishes the Earned Income Tax Credit (EITC) Outreach and Education and Free Tax Assistance Grant Program (Program).

### Major Provisions

- 1) Makes various findings and declarations regarding tax credit efficacy.
- 2) Requires the Franchise Tax Board (FTB), upon appropriation by the Legislature, to issue grants through the Program to qualified nonprofit community-based organizations (CBOs) or local government agencies.
- 3) Requires grants be issued to expand awareness of Individual Taxpayer Identification Number (ITIN) status eligibility and to increase the number of eligible households claiming the state and federal EITC, the Golden State Stimulus (GSS), and the Young Child Tax Credit (YCTC).
- 4) Requires FTB to equally allocate grant moneys for the following purposes:
  - a) Providing timely distribution of funds for the state and federal EITC, the GSS, and the YCTC, and for awareness of ITIN eligibility;
  - b) To existing California EITC outreach contracts;
  - c) To existing Volunteer Income Tax Assistance (VITA) clinic contracts;
  - d) Focus funding in regions of the state with low participation in the state EITC relative to the estimated eligible population in that area;
  - e) Focus funding in regions of the state with estimated high percentages of ITIN filers and ITIN eligible workers who do not have a current ITIN status;
  - f) Emphasize collaboration of grantees with other CBOs and local government agencies; and,
  - g) Encourage targeting of underserved communities, as specified.
- 5) Establishes the EITC Outreach and Education and Free Tax Assistance Grant Fund in the State Treasury for the purposes of allocating grants pursuant to the above provisions, upon appropriation by the Legislature.
- 6) Specifies that grants awarded pursuant to the Program be at the sole discretion of the Executive Officer of the FTB.
- 7) Authorizes FTB to adopt regulations and to partner with the Department of Community Services and Development (CSD) to execute the Program.

- 8) Requires grant contracts allocated pursuant to the Program to be effective for 12 months to ensure continuity of services and exempts the awarding of grants from the State Contract Act.
- 9) Requires FTB to submit an annual report to the Legislature regarding the effectiveness of the Program.

## COMMENTS

*CalEITC:* The federal EITC is one of the most effective anti-poverty programs in the nation. Beginning in 2016, California authorized the CalEITC modeled on the federal credit. In 2019, the Budget Act significantly expanded the credit, increasing the allocation for the program from \$400 million to \$1 billion. Additionally, the 2019 Budget Act created the Young Child Tax Credit, providing a further \$1,000 credit to families eligible for the CalEITC. In 2020, the Legislature extended the CalEITC to those filing taxes with an ITIN who would otherwise be eligible for the credit.

*GSS:* In response to the COVID-19 pandemic, the Legislature authorized the GSS program early this year. For the 2020 tax year, the program provides a \$600 tax rebate to CalEITC recipients and to ITIN filers making \$75,000 or less. The GSS authorizes a \$1,200 rebate for filers satisfying both requirements. In order to qualify for the rebate, filers must file a tax return before October 15, 2021, among other requirements. Additionally, individuals qualifying for specified social services programs were authorized a \$600 grant payment.

*Outreach:* Since California began authorizing a state EITC, the Legislature has allocated between \$2 million and \$5 million, annually, to maximize participation in the CalEITC by increasing awareness. This year, the Budget Act proposes to allocate \$5 million to raise awareness of CalEITC and the Legislature took early budget action to authorize \$5.1 million to existing CalEITC outreach contracts to raise awareness of the GSS. According to a 2017 report published by the California Budget and Policy Center, among visitors to county human services offices who were likely eligible for the CalEITC, less than one-in-five had heard of the credit.

*This bill:* AB 1515 codifies, with additional requirements, CalEITC outreach efforts and expands those efforts to include the GSS and YCTC, upon appropriation by the Legislature. This bill would require grant moneys be equally allocated for seven specific purposes. However, in previous allocations, outreach efforts have been tasked with increasing awareness of the credit. By prescribing equal allocations of grant funds to additional purposes, this bill could potentially limit maximization of awareness and, thereby, utilization.

### **According to the Author**

The author has provided the following statement in support of the bill:

Over the course of the last year, the COVID-19 pandemic has had devastating health and economic impacts on our most vulnerable communities, including our low-income and undocumented Californians. However, systemic inequities have existed for many years prior to the pandemic. These vulnerable communities have continuously faced great barriers that have contributed to cycles of poverty, such as unequal access to education, employment, and housing. To provide critical assistance to these Californians, AB 1515 will ensure the state provides adequate assistance and education so that those eligible for tax credits are able to file and receive lifesaving financial assistance. By creating a grant program for local

government agencies or qualified non-profits to provide tax filing assistance and education on available tax credits, California can increase the number of those filing for tax credits and ITINs, thus increasing the number of Californians eligible for the Golden State Stimulus, the CalEITC and the Young Child Tax Credit.

### **Arguments in Support**

According to supporters, "It is imperative California provide the outreach, education, and assistance needed so that all those who are eligible for these tax credit programs are provided with the adequate support to take advantage of the state sponsored economic relief. AB 1515 will, upon allocation, create an expanded tax assistance grant program that will provide support to local governments and qualified non-profits so that they may provide education on available tax credit options and tax filing assistance to communities throughout the state. The grant program will intentionally target populations with estimated high populations of individuals who may be eligible for the CalEITC, YCTC, and GSS with the intent to increase the number of individuals taking advantage of these tax credit options."

### **Arguments in Opposition**

None on file

## **FISCAL COMMENTS**

According to the Assembly Appropriations Committee, this bill would result in cost pressure of an unknown amount to appropriate money to the FTB to allocate grants. Additionally, the FTB would incur unknown costs to administer and report on the Program. The CSD estimates substantive costs if chosen by the FTB to administer the Program.

## **VOTES**

### **ASM REVENUE AND TAXATION: 9-0-2**

**YES:** Burke, Gray, Grayson, Levine, Carrillo, Mullin, Petrie-Norris, Quirk, Luz Rivas

**ABS, ABST OR NV:** Nguyen, Seyarto

### **ASM APPROPRIATIONS: 13-0-3**

**YES:** Lorena Gonzalez, Calderon, Carrillo, Chau, Fong, Gabriel, Eduardo Garcia, Levine, Quirk, Robert Rivas, Akilah Weber, Holden, Luz Rivas

**ABS, ABST OR NV:** Bigelow, Megan Dahle, Davies

## **UPDATED**

VERSION: April 26, 2021

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