

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 624 (Caballero) – As Amended July 3, 2025

Policy Committee: Human Services

Vote: 7 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

**SUMMARY:**

This bill requires the California Department of Social Services (CDSS) to issue guidance to county welfare departments and juvenile probation departments about practices for supporting nonminor dependents (NMDs) with filing income tax returns and accessing the foster youth tax credit (FYTC).

Specifically, this bill:

- 1) Requires CDSS, by July 1, 2026, to issue guidance to county welfare departments and juvenile probation departments with information about practices for supporting NMDs in filing state and federal income tax returns and accessing the FYTC.
- 2) Requires CDSS to update the guidance as needed and to reissue the guidance no less than every two years thereafter.
- 3) Requires the CDSS guidance to include (a) a description of the FYTC, (b) the mailing requirement described in item 4, below, (c) outreach strategies, (d) opportunities to partner with local volunteer income tax assistance sites, (e) hosting workshops to educate and assist foster youth with tax filing, and (f) resources available from stakeholders or state agencies, as described.
- 4) Requires, between November 1 and January 31 of each year, county welfare departments and juvenile probation departments to send by mail to every NMD information about filing state and federal income tax returns and the FYTC.
- 5) Requires the mailing in item 4, above, to include (a) eligibility requirements for the FYTC, (b) the maximum amount of the FYTC for the forthcoming tax season, (c) the availability of other tax credits, as specified, (d) the location of, and how to set up an appointment with or otherwise receive services from, local volunteer income tax assistance sites, as specified, and (e) resources to assist the NMD with self-filing federal and state tax returns at no cost.

**FISCAL EFFECT:**

CDSS estimates annual General Fund costs of \$34,000 in fiscal year 2025-26 and ongoing for county administrative workload statewide. These costs include an estimated \$26,000 for research and mailer distribution, and an estimated \$8,000 for postage materials.

Although these county costs are state-mandated costs, they are not reimbursable, but instead must be funded by the state pursuant to Proposition 30 (2012). Proposition 30 requires, to the extent a bill increases county costs already borne by a local agency for programs or levels of service mandated by the 2011 Realignment, the bill to apply to local agencies only to the extent the state provides annual funding for the cost increase.

#### COMMENTS:

1) **Purpose.** According to the author:

[This bill] would help reduce poverty among current and former foster youth by increasing access to the California Foster Youth Tax Credit (FYTC), a critical but underutilized tool for economic security. In 2022, myself alongside Governor Newsom and former State Controller Betty Yee, established the FYTC, the first and only tax credit in the nation for current and former foster youth. This refundable tax credit not only increases income but also encourages youth to file taxes, unlocking access to other credits. In 2024, youth who filed and received the FYTC saw average returns of \$1,370 (single youth filers) and \$5,265 (parenting youth filers), increasing their annual income by 8% and 57%, respectively. Yet despite its proven benefits, only 16% of the estimated 36,275 eligible youth received the credit in 2024.

[This bill] aims to change that by institutionalizing outreach and education within county child welfare agencies and juvenile probation departments.

2) **Background.** In 2022, California became the first state in the nation to establish a tax credit specifically for current and former foster youth. For tax year 2024, the FYTC provides up to \$1,154 per eligible individual or up to \$2,308 if both primary taxpayer and spouse or registered domestic partner qualify.

To claim the FYTC, a current or former foster youth must, among other requirements, qualify for the California Earned Income Tax Credit (CalEITC), be aged 18 to 25 years at the end of the tax year, be in foster care at age 13 or older and placed through the California foster care system, and satisfy the foster care verification requirement.

Existing law requires CDSS to provide to the Franchise Tax Board (FTB) specified data necessary to verify an individual qualifies for the FYTC. There is no requirement, however, to inform current and former foster youth about the availability of and their potential eligibility for the FYTC. Data show only 16% of eligible youth received the FYTC in 2024.

In 2022, John Burton Advocates for Youth (JBAY) published a report detailing lessons learned from a pilot project involving six counties to ensure current and former foster youth receive state and federal tax credits by filing taxes, including the FYTC. The report provided numerous recommendations to assist with fully implementing the FYTC, including a detailed recommendation to issue state guidance directing county child welfare agencies to share information on the FYTC. This bill codifies that recommendation.