

# AB 1515 (Santiago)

## Tax Credit Outreach and Free Tax Assistance Program

### Bill Summary

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[AB 1515](#) would establish the Earned Income Tax Credit Outreach, Education, and Free Tax Assistance Grant Program to support qualified community-based organizations to engage in outreach, education, and no-cost tax filing assistance services for working families.

### Existing Law

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Establishes requirements for inclusion and exclusion of federal SSNs and ITINs on state tax returns or similar state documents (Revenue and Taxation Code Section 18624).

### Background

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California is home to over 2 million undocumented immigrants who collectively pay \$3.2 billion in local and state taxes annually and make up one-tenth of the California workforce. Undocumented workers have been disproportionately affected by the economic devastation brought on by the COVID-19 pandemic. At the same time, many undocumented workers have been forced to work in unsafe and unlawful conditions in order to provide for their families. Throughout the pandemic, these workers have been ineligible for any type of unemployment insurance.

In response to a growing need for state assistance, Governor Gavin Newsom signed legislation earlier this year that will provide \$600 stimulus payments to those with an ITIN and families receiving the California Earned Income Tax Credit (CalEITC). Part of the Golden State Stimulus (GSS), these payments are intended to provide relief to those left out of previous federal stimulus payments and who have faced economic hardship throughout the pandemic.

### Need for AB 1515

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Many undocumented California workers are newly eligible for relief through the CalEITC, the Young Child Tax Credit (YCTC) and the GSS, but only for those who have a current federally assigned ITIN and use it to file their taxes. It is estimated that thousands of individuals in California may be eligible to file for an ITIN, yet have not done so. AB 1515 will bring greater awareness and accessibility to available tax credits and stimulus payments for individuals throughout the state.

Specifically, this bill would:

- Establish a grant program in coordination with the Franchise Tax Board to administer grants to qualified nonprofit community-based organizations or local government agencies to increase the number of eligible households claiming the CalEITC, the GSS, YCTC, and filing for ITINs.
- Require grantees to increase awareness of ITIN tax status eligibility and the number of individuals who apply for ITIN status via a Certified Acceptance Agent.

At a time of economic insecurity, alongside complex and evolving relief packages and eligibility standards, the need for clear outreach, education, and assistance from trusted sources has dramatically increased across our state. This bill will ensure that low-income Californians, regardless of immigration status, are better able to take advantage of tax credits.

### Support

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Bet Tzedek Legal Services (co-sponsor)  
United Ways of California (co-sponsor)

Alliance San Diego  
CalEITC Coalition  
California Association of Food Banks  
California Immigrant Policy Center  
Children's Defense Fund-California  
City of Oakland  
Earnin  
El Centro Del Pueblo  
Friends Committee on Legislation of California  
Golden State Opportunity  
Inland Coalition for Immigrant Justice  
Inland Empire Immigrant Youth Collective  
Koreatown Youth and Community Center Inc.  
Latino Community Foundation  
Maintenance Cooperation Trust Fund  
National Association of Social Workers,  
California Chapter  
Nourish California  
Orange County Communities Organized for  
Responsible Development  
Restaurant Opportunities Centers of California  
Safety Net For All Coalition  
Toberman Neighborhood Center  
United Way of Greater Los Angeles  
United Way of San Diego County  
Working Partnerships USA  
Young Invincibles

### **Opposition**

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None on file.

### **For More Information**

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## Senator Steven M. Glazer, 7<sup>th</sup> Senate District SB 843—Renter's Tax Credit

### **Summary:**

This bill would provide financial relief to 2.4 million low- and middle-income renters by increasing and restructuring the renter's tax credit to give more relief to filers with dependents.

### **Background:**

Established in 1972, the renter's tax credit has only increased once, in 1979. Since this increase, rents in California have nearly tripled.<sup>1</sup>

The COVID-19 pandemic has only exacerbated the pressure on California's renters. While the Legislature passed temporary relief through the Golden State Stimulus and the eviction moratorium, the affordable housing crisis for renters existed before the pandemic and will exist after if we don't take steps to provide permanent relief.

Especially now that the eviction moratorium has expired, renters are still struggling. According to the Legislative Analyst's Office, renters have been disproportionately affected by the economic consequences of COVID-19.<sup>2</sup> Renters on average make less than homeowners and were more at risk of losing their jobs because of the stay at home orders. Until the pandemic is fully behind us and jobs can return to full capacity, some renters may continue to accumulate rental debt and face a risk of homelessness or housing instability.

### **Issue:**

Surging rental prices across the state have squeezed family's budgets. According to a 2021 report by Apartment List, the national median rent has increased by 17.8% since January of this year. Rentals in cities like San Francisco average over \$2,700 per month.<sup>3</sup>

Short supplies of subsidized and affordable housing means there is little relief for families struggling to cope with these rising rental prices. The high price

of housing is a key contributor to the state's troubling poverty rate, which the PPIC estimates includes more than 15% of all Californians when factoring in housing and cost of living expenses.<sup>4</sup>

### **Existing Law:**

Currently, the renter's tax credit is set at \$60 for single filers and \$120 for joint filers. In order to qualify for this tax credit, individual filers must have an Adjusted Gross Income (AGI) of \$43,533 or less and joint filers must have an AGI of \$87,066 or less. This threshold is recalculated by the Franchise Tax Board (FTB) every year.

### **Proposal:**

This bill would increase the renter's tax credit to account for inflation, aligning the 1979 credit amount with its present day value.

This bill would raise the renter's tax credit to \$1,000 for joint filers and single filers with dependents. It would also make the credit refundable.

This bill would help the renters who need it most. It would index the credit in perpetuity to account for annual inflation as calculated by the FTB. The AGI would remain the same and continue to be recalculated by the FTB to reflect changes in inflation and the consumer price index. The cost related to this change is just a fraction of the \$5.8 billion annual loss in homeowner deductions, most of which goes to taxpayers earning more than \$100,000 per year.

### **Contact:**

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<sup>1</sup> <https://www.census.gov/quickfacts/ca>;  
<https://www.census.gov/hhes/www/housing/census/historic/grossrents.html>  
<sup>2</sup> <https://lao.ca.gov/reports/2021/4312/COVID-19-renters-homeowners-011921.pdf>

<sup>3</sup> <https://www.apartmentlist.com/rentonomics/national-rent-data/>  
<sup>4</sup> <https://www.ppic.org/blog/californias-high-housing-costs-increase-poverty/>



## **SB 860 (Rubio): Young Child Tax Credit Eligibility Expansion**

### **Bill Summary**

SB 860 will extend the eligibility for the Young Child Tax Credit (YCTC) to include households with no earned income, which will help struggling parents support their families.

### **Current Law**

The YCTC was introduced in tax year 2019. The YCTC is a refundable cash back tax credit for qualified low-to-moderate income Californians who earn little from their jobs.

The federal Child Tax Credit is a partially refundable credit available to families with children under the age 17 who have low, moderate, or high earnings from work.

### **Background**

The YCTC helps mitigate California's high cost of living and is one of the most effective tools for reducing poverty across the nation. Families who are eligible can earn up to \$1,000 for each child under six years of age. Unfortunately, families with no earned income are not eligible to receive this credit.

Currently, the YCTC income eligibility threshold is set at \$1, allowing for nearly all low-income workers with children to benefit. Lowering the threshold to \$0 would ensure the YCTC is inclusive to in-home caregivers without paid work, but who are also working hard to raise their children. California should include these families in the YCTC as a way of recognizing that the unpaid caregiving work parents do is valuable and benefits our entire society.

According to the 2021 [Real Cost Measure](#) report, over half of families with children under six in California struggle financially. Nearly one in three California households—over 3.5 million families (33%)—do not earn sufficient income to meet basic needs.<sup>1</sup>

SB 860 signals that it is important to ensure that every family with young children can meet their basic necessities, regardless of whether they work for pay. This would take a step toward creating a child allowance, which many industrialized nations have used to significantly reduce child poverty.

### **Details of the Bill**

SB 860 expands the income eligibility of the YCTC from \$1 earnings to \$0 earnings to include unpaid caregivers with children 6 years of age and under.

In addition, this bill prevents debt interception to ensure that the credit goes directly to children and families in need.

### **Support**

United Ways of California (Co-sponsor)  
GRACE/End Child Poverty in California (Co-sponsor)  
Golden State Opportunity (Co-sponsor)

### **For More Information**

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<sup>1</sup> [United Ways of California - The Real Cost Measure in California 2021 \(unitedwaysca.org\)](#)