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SB-88 One-time stimulus payment: delinquent accounts: Earned Income Tax Credit: statements. (2021-2022)

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Senate Bill No. 88

CHAPTER 8

An act to add and repeal Section 12419.3.1 of, and to repeal Article 3 (commencing with Section 12350) of Chapter 4 of Part 2 of Division 3 of Title 2 of, the Government Code, to amend Sections 2227, 17052, and 17052.1 of, to add Sections 17131.11 and 19554.1 to, and to add and repeal Section 19265 of, the Revenue and Taxation Code, and to add Chapter 4 (commencing with Section 8150) and Chapter 4.5 (commencing with Section 8151) to Division 8 of the Welfare and Institutions Code, relating to economic relief, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor February 23, 2021. Filed with Secretary of State February 23, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

SB 88, Committee on Budget and Fiscal Review. One-time stimulus payment: delinquent accounts: Earned Income Tax Credit: statements.

(1) Existing law authorizes various forms of relief for low-income Californians, including certain tax benefits and public assistance programs. Existing law also provides various forms of assistance to those Californians that have been impacted by the COVID-19 emergency.

This bill would authorize the Controller to make a one-time Golden State Stimulus payment to each qualified recipient, as defined, of an applicable amount, as specified, in a form and manner determined by the Franchise Tax Board, in order to provide relief to low-income Californians impacted by the COVID-19 emergency. This bill would create the Golden State Stimulus Emergency Fund, a new fund in the State Treasury, for the purposes of making these one-time payments, and would continuously appropriate that fund.

This bill would also authorize one-time grant payments to qualified grant recipients, as defined, of \$600, to be administered by the State Department of Social Services, in order to provide relief to low-income Californians impacted by the COVID-19 emergency.

(2) Existing law requires the Controller to state an account with persons that receive funds or property belonging to the state and fail to properly render account thereof to the state, and persons that fail to pay to the State Treasury any money belonging to the state. Existing law requires the Controller to offset delinquent accounts against personal income tax refunds.

This bill would, before January 1, 2022, prohibit the Controller from offsetting delinquent accounts with the one-time payment authorized by this bill.

(3) Existing law authorizes the Franchise Tax Board, as part of its administrative duties with respect to the collection of taxes, to seize assets of a delinquent taxpayer. Existing law authorizes the board to issue an order to specified financial institutions,

persons, and entities, including an officer or department of the state, to withhold and remit liquid assets of a delinquent taxpayer in order to satisfy the tax obligations of that taxpayer.

This bill would, before January 1, 2022, prohibit the Franchise Tax Board from issuing an order to withhold and remit any amounts from the one-time payment authorized by this bill for liabilities owed by the eligible recipient pursuant to specified provisions.

(4) The Personal Income Tax Law, beginning on or after January 1, 2015, in modified conformity with federal income tax laws, allows an Earned Income Tax Credit against personal income tax and a payment from the Tax Relief and Refund Account for an allowable credit in excess of tax liability, to an eligible individual that is equal to that portion of the Earned Income Tax Credit allowed by federal law as determined by the Earned Income Tax Credit adjustment factor, as specified. For taxable years beginning on and after January 1, 2020, this tax credit is available to any eligible individuals using an individual taxpayer identification number.

The Personal Income Tax Law allows a refundable young child tax credit against the taxes imposed under that law, for each taxable year beginning on or after January 1, 2019, to a qualified taxpayer in a specified amount multiplied by the Earned Income Tax Credit adjustment factor, as provided. For taxable years beginning on and after January 1, 2020, this tax credit is available to any eligible individuals using an individual taxpayer identification number.

This bill would specify that these tax credits are available to undocumented persons who are eligible individuals.

(5) The Personal Income Tax Law imposes a tax on individual taxpayers measured by the taxpayer's taxable income for the taxable year, but, in modified conformity with federal income tax laws, allows various exclusions from gross income. Existing law requires any bill authorizing a new tax expenditure, as defined to include exclusions from income, to contain, among other things, specific goals, purposes, and objectives that the tax credit will achieve, detailed performance indicators, and data collection requirements.

This bill would exclude the one-time payment authorized by this bill from the gross income of qualified recipients for personal income tax purposes. The bill would also include additional information required for any bill authorizing a new tax expenditure.

This bill would make an appropriation from the General Fund to the Controller to pay for the administrative costs of making the tax refund payments authorized by this bill.

This bill would also make findings and declarations related to a gift of public funds.

(6) Existing law requires the Department of Finance to transmit annually to each city and each county an estimate of the percentage change in the population of the city or the county, as specified, and requires those statements to be transmitted by May 1.

This bill would instead require, for 2021, the statements to be transmitted by May 7.

(7) Existing law, the California Economic Improvement Tax Voucher Act, requires the Franchise Tax Board, in consultation with the Treasurer and the Department of Finance, to develop a comprehensive plan for a California Economic Improvement Tax Voucher Program, as specified, to be considered by the Legislature for future enactment as legislation.

This bill would repeal those provisions.

(8) The bill would make its provisions severable, as specified.

(9) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Article 3 (commencing with Section 12350) of Chapter 4 of Part 2 of Division 3 of Title 2 of the Government Code is repealed.

SEC. 2. Section 12419.3.1 is added to the Government Code, to read:

12419.3.1. (a) Notwithstanding any other provision of this article, the Controller shall not offset delinquent accounts against the payment authorized pursuant to Section 8150 of the Welfare and Institutions Code.

(b) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

SEC. 3. Section 2227 of the Revenue and Taxation Code is amended to read:

2227. (a) (1) Annually, the Department of Finance shall transmit to each city and each county an estimate of the percentage change in the population of the city or the county. The estimates shall indicate the percentage change in the resident population, excluding the population in state mental and correctional facilities and in federal correctional and federal military installations, of each city and each county between January 1 of the prior year and January 1 of the current year. Except as provided in paragraph (2), those statements shall be transmitted by May 1.

(2) For the 2021 calendar year, the statement required by paragraph (1) shall be transmitted by May 7.

(b) The Department of Finance may request data from any local agency to be used to prepare the population estimate required by this section. If any local agency fails to supply the requested data, the department is not required to provide an estimate for that agency, but may do so using the method deemed most appropriate by the department.

SEC. 4. Section 17052 of the Revenue and Taxation Code is amended to read:

17052. (a) (1) For each taxable year beginning on or after January 1, 2015, there shall be allowed against the "net tax," as defined by Section 17039, an earned income tax credit in an amount equal to an amount determined in accordance with Section 32 of the Internal Revenue Code, relating to earned income, as applicable for federal income tax purposes for the taxable year, except as otherwise provided in this section.

(2) (A) The amount of the credit determined under Section 32 of the Internal Revenue Code, relating to earned income, as modified by this section, shall be multiplied by the earned income tax credit adjustment factor for the taxable year.

(B) Unless otherwise specified in the annual Budget Act, the earned income tax credit adjustment factor for a taxable year beginning on or after January 1, 2015, shall be 0 percent.

(C) The earned income tax credit authorized by this section shall only be operative for taxable years for which resources are authorized in the annual Budget Act for the Franchise Tax Board to oversee and audit returns associated with the credit.

(b) (1) In lieu of the table prescribed in Section 32(b)(1) of the Internal Revenue Code, relating to percentages, the credit percentage and the phaseout percentage shall be determined as follows:

| In the case of an eligible individual with: | The credit percentage is: | The phaseout percentage is: |
|---|---------------------------|-----------------------------|
| No qualifying children | 7.65% | 7.65% |
| 1 qualifying child | 34% | 34% |
| 2 qualifying children | 40% | 40% |
| 3 or more qualifying children | 45% | 45% |

(2) (A) In lieu of the table prescribed in Section 32(b)(2)(A) of the Internal Revenue Code, the earned income amount and the phaseout amount shall be determined as follows:

| In the case of an eligible individual with: | The earned income amount is: | The phaseout amount is: |
|---|------------------------------|-------------------------|
| No qualifying children | \$3,290 | \$3,290 |
| 1 qualifying child | \$4,940 | \$4,940 |
| 2 or more qualifying children | \$6,935 | \$6,935 |

(B) Section 32(b)(2)(B) of the Internal Revenue Code, relating to joint returns, shall not apply.

(c) (1) Section 32(c)(1)(A)(ii)(I) of the Internal Revenue Code is modified by substituting "this state" for "the United States."

(2) For each taxable year beginning on or after January 1, 2018, Section 32(c)(1)(A)(ii)(II) of the Internal Revenue Code is modified by deleting "25 but not attained age 65" and inserting in lieu thereof the following: "18."

(3) Section 32(c)(2)(A) of the Internal Revenue Code is modified as follows:

(A) Section 32(c)(2)(A)(i) of the Internal Revenue Code is modified by deleting "plus" and inserting in lieu thereof the following: "and only if such amounts are subject to withholding pursuant to Division 6 (commencing with Section 13000) of the Unemployment Insurance Code."

(B) Section 32(c)(2)(A)(ii) of the Internal Revenue Code shall not apply.

(4) For taxable years beginning on or after January 1, 2017, paragraph (3) shall not apply and in lieu thereof Section 32(c)(2)(A) of the Internal Revenue Code is modified as follows:

(A) Section 32(c)(2)(A)(i) of the Internal Revenue Code is modified by deleting "plus" and inserting in lieu thereof the following: "and only if such amounts are subject to withholding pursuant to Division 6 (commencing with Section 13000) of the Unemployment Insurance Code, plus."

(B) Section 32(c)(2)(A)(ii) of the Internal Revenue Code shall apply.

(5) Section 32(c)(3)(C) of the Internal Revenue Code, relating to place of abode, is modified by substituting "this state" for "the United States."

(d) Section 32(i)(1) of the Internal Revenue Code is modified by substituting "\$3,400" for "\$2,200."

(e) (1) In lieu of Section 32(j) of the Internal Revenue Code, relating to inflation adjustments, for taxable years beginning on or after January 1, 2016, the amounts specified in paragraph (2) of subdivision (b) and in subdivision (d) shall be recomputed annually in the same manner as the recomputation of income tax brackets under subdivision (h) of Section 17041.

(2) For each taxable year beginning on or after January 1, 2018, and before January 1, 2019, when recomputing the amounts referenced in paragraph (1), the percentage change in the California Consumer Price Index shall be deemed to be the greater of 3.1 percent or the percentage change in the California Consumer Price Index as calculated under subdivision (h) of Section 17041 for that taxable year.

(3) For each taxable year beginning on or after January 1, 2019, and before January 1, 2020, when recomputing the amounts referenced in paragraph (1), the percentage change in the California Consumer Price Index shall be deemed to be the greater of 3.5 percent or the percentage change in the California Consumer Price Index as calculated under subdivision (h) of Section 17041 for that taxable year.

(f) If the amount allowable as a credit under this section exceeds the tax liability computed under this part for the taxable year, the excess shall be credited against other amounts due, if any, and the balance, if any, shall be paid from the Tax Relief and Refund Account and refunded to the taxpayer.

(g) (1) The Franchise Tax Board may prescribe rules, guidelines, procedures, or other guidance to carry out the purposes of this section. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code shall not apply to any rule, guideline, or procedure prescribed by the Franchise Tax Board pursuant to this section.

(2) (A) The Franchise Tax Board may prescribe any regulations necessary or appropriate to carry out the purposes of this section, including any regulations to prevent improper claims from being filed or improper payments from being made with respect to net earnings from self-employment.

(B) The adoption of any regulations pursuant to subparagraph (A) may be adopted as emergency regulations in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) and shall be deemed an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, these emergency regulations shall not be subject to the review and approval of the Office of Administrative Law. The regulations shall become effective immediately upon filing with the Secretary of State, and shall remain in effect until revised or repealed by the Franchise Tax Board.

(h) Notwithstanding any other law, amounts refunded pursuant to this section shall be treated in the same manner as the federal earned income refund for the purpose of determining eligibility to receive benefits under Division 9 (commencing with Section 10000) of the Welfare and Institutions Code or amounts of those benefits.

(i) (1) For the purpose of implementing the credit allowed by this section for the 2015 taxable year, the Franchise Tax Board shall be exempt from the following:

(A) Special Project Report requirements under State Administrative Manual Sections 4819.36, 4945, and 4945.2.

(B) Special Project Report requirements under Statewide Information Management Manual Section 30.

(C) Section 11.00 of the 2015 Budget Act.

(D) Sections 12101, 12101.5, 12102, and 12102.1 of the Public Contract Code.

(2) The Franchise Tax Board shall formally incorporate the scope, costs, and schedule changes associated with the implementation of the credit allowed by this section in its next anticipated Special Project Report for its Enterprise Data to Revenue Project.

(j) (1) In accordance with Section 41 of the Revenue and Taxation Code, the purpose of the California Earned Income Tax Credit is to reduce poverty among California's poorest working families and individuals. To measure whether the credit achieves its intended purpose, the Franchise Tax Board shall annually prepare a written report on the following:

- (A) The number of tax returns claiming the credit.
- (B) The number of individuals represented on tax returns claiming the credit.
- (C) The average credit amount on tax returns claiming the credit.
- (D) The distribution of credits by number of dependents and income ranges. The income ranges shall encompass the phase-in and phaseout ranges of the credit.
- (E) Using data from tax returns claiming the credit, including an estimate of the federal tax credit determined under Section 32 of the Internal Revenue Code, an estimate of the number of families who are lifted out of deep poverty by the credit and an estimate of the number of families who are lifted out of deep poverty by the combination of the credit and the federal tax credit. For the purposes of this subdivision, a family is in "deep poverty" if the income of the family is less than 50 percent of the federal poverty threshold.

(2) The Franchise Tax Board shall provide the written report to the Senate Committee on Budget and Fiscal Review, the Assembly Committee on Budget, the Senate and Assembly Committees on Appropriations, the Senate Committee on Governance and Finance, the Assembly Committee on Revenue and Taxation, and the Senate and Assembly Committees on Human Services.

(k) The tax credit allowed by this section shall be known as the California Earned Income Tax Credit.

(l) The amendments made to this section by Chapter 722 of the Statutes of 2016 shall apply to taxable years beginning on or after January 1, 2016.

(m) (1) For each taxable year beginning on or after January 1, 2017, and before January 1, 2018, if the amount of credit computed pursuant to subdivisions (a) and (b) is less than or equal to one hundred dollars (\$100) multiplied by the ratio of the earned income tax credit adjustment factor for that taxable year divided by 0.85 for an eligible individual with no qualifying children, or less than or equal to two hundred fifty dollars (\$250) multiplied by the ratio of the earned income tax credit adjustment factor for that taxable year divided by 0.85 for an eligible individual with one or more qualifying children, and the earned income amount is greater than or equal to the corresponding amount in the table set forth in paragraph (2) below, then in lieu of the table prescribed in paragraph (1) of subdivision (b), the credit percentage and the phaseout percentage shall be determined as follows:

| In the case of an eligible individual with: | The credit percentage is: | The phaseout percentage is: |
|---|---------------------------|-----------------------------|
| No qualifying children | 2.20% | 1.22% |
| 1 qualifying child | 3.10% | 2.29% |
| 2 qualifying children | 2.13% | 3.45% |
| 3 or more qualifying children | 2.12% | 3.49% |

(2) For each taxable year beginning on or after January 1, 2017, and before January 1, 2018, if the amount of credit computed pursuant to subdivisions (a) and (b) is less than or equal to one hundred dollars (\$100) multiplied by the ratio of the earned income tax credit adjustment factor for that taxable year divided by 0.85 for an eligible individual with no qualifying children, or less than or equal to two hundred fifty dollars (\$250) multiplied by the ratio of the earned income tax credit adjustment factor for that taxable year divided by 0.85 for an eligible individual with one or more qualifying children, then in lieu of the table prescribed in subparagraph (A) of paragraph (2) of subdivision (b), the earned income amount and the phaseout amount shall be determined as follows:

| In the case of an eligible individual with: | The earned income amount is: | The phaseout amount is: |
|---|------------------------------|-------------------------|
| No qualifying children | \$5,354 | \$5,354 |

| | | |
|-------------------------------|----------|----------|
| 1 qualifying child | \$9,484 | \$9,484 |
| 2 qualifying children | \$13,794 | \$13,794 |
| 3 or more qualifying children | \$13,875 | \$13,875 |

(n) (1) For each taxable year beginning on or after January 1, 2018, and before January 1, 2019, if the amount of credit computed pursuant to subdivisions (a) and (b) is less than or equal to one hundred three dollars (\$103) multiplied by the ratio of the earned income tax credit adjustment factor for that taxable year divided by 0.85 for an eligible individual with no qualifying children, or less than or equal to two hundred fifty-eight dollars (\$258) multiplied by the ratio of the earned income tax credit adjustment factor for that taxable year divided by 0.85 for an eligible individual with one or more qualifying children, and the earned income amount is greater than or equal to the corresponding amount in the table set forth in paragraph (2) below, then in lieu of the table prescribed in paragraph (1) of subdivision (b), the credit percentage and the phaseout percentage shall be determined as follows:

| | | |
|---|---------------------------|-----------------------------|
| In the case of an eligible individual with: | The credit percentage is: | The phaseout percentage is: |
| No qualifying children | 2.20% | 1.08% |
| 1 qualifying child | 3.10% | 2.00% |
| 2 qualifying children | 2.13% | 2.82% |
| 3 or more qualifying children | 2.12% | 2.85% |

(2) For each taxable year beginning on or after January 1, 2018, and before January 1, 2019, if the amount of credit computed pursuant to subdivisions (a) and (b) is less than or equal to one hundred three dollars (\$103) multiplied by the ratio of the earned income tax credit adjustment factor for that taxable year divided by 0.85 for an eligible individual with no qualifying children, or less than or equal to two hundred fifty-eight dollars (\$258) multiplied by the ratio of the earned income tax credit adjustment factor for that taxable year divided by 0.85 for an eligible individual with one or more qualifying children, then in lieu of the table prescribed in subparagraph (A) of paragraph (2) of subdivision (b), the earned income amount and the phaseout amount shall be determined as follows:

| | | |
|---|------------------------------|-------------------------|
| In the case of an eligible individual with: | The earned income amount is: | The phaseout amount is: |
| No qualifying children | \$5,520 | \$5,520 |
| 1 qualifying child | \$9,778 | \$9,778 |
| 2 qualifying children | \$14,222 | \$14,222 |
| 3 or more qualifying children | \$14,305 | \$14,305 |

(o) (1) For each taxable year beginning on or after January 1, 2019, if the amount of credit computed pursuant to subdivisions (a) and (b) is less than or equal to two hundred dollars (\$200) multiplied by the ratio of the earned income tax credit adjustment factor for that taxable year divided by 0.85 for an eligible individual with no qualifying children, or less than or equal to five hundred five dollars (\$505) multiplied by the ratio of the earned income tax credit adjustment factor for that taxable year divided by 0.85 for an eligible individual with one or more qualifying children, and the earned income amount is greater than or equal to the corresponding amount in the table set forth in paragraph (2) below, then in lieu of the table prescribed in paragraph (1) of subdivision (b), the credit percentage and the phaseout percentage shall be determined as follows:

| | | |
|---|---------------------------|-----------------------------|
| In the case of an eligible individual with: | The credit percentage is: | The phaseout percentage is: |
| No qualifying children | 5.43% | 0.92% |
| 1 qualifying child | 6.33% | 2.88% |
| 2 qualifying children | 4.20% | 3.75% |
| 3 or more qualifying children | 4.15% | 3.78% |

(2) For each taxable year beginning on or after January 1, 2019, if the amount of credit computed pursuant to subdivisions (a) and (b) is less than or equal to two hundred dollars (\$200) multiplied by the ratio of the earned income tax credit adjustment factor for that taxable year divided by 0.85 for an eligible individual with no qualifying children, or less than or equal to five hundred five dollars (\$505) multiplied by the ratio of the earned income tax credit adjustment factor for that taxable year divided

by 0.85 for an eligible individual with one or more qualifying children, then in lieu of the table prescribed in subparagraph (A) of paragraph (2) of subdivision (b), the earned income amount and the phaseout amount shall be determined as follows:

| In the case of an eligible individual with: | The earned income amount is: | The phaseout amount is: |
|---|------------------------------|-------------------------|
| No qualifying children | \$4,334 | \$4,334 |
| 1 qualifying child | \$9,381 | \$9,381 |
| 2 qualifying children | \$14,137 | \$14,137 |
| 3 or more qualifying children | \$14,302 | \$14,302 |

(3) For taxable years beginning on or after January 1, 2020, and until and including the taxable year in which the minimum wage, as defined in Section 1182.12 of the Labor Code, is set at fifteen dollars (\$15) per hour, both of the following shall occur:

(A) The amounts in paragraphs (1) and (2) shall be recomputed annually in the same manner as the recomputation of income tax brackets under subdivision (h) of Section 17041.

(B) The phaseout percentage for each of the four categories of eligible individuals shall be recalculated by the Franchise Tax Board in such a manner that, for a taxpayer with an earned income of thirty thousand dollars (\$30,000), the calculated amount of credit is equal to zero.

(4) For taxable years beginning after the taxable year in which the minimum wage, as defined in Section 1182.12 of the Labor Code, is set at fifteen dollars (\$15) per hour, the amounts in paragraphs (1) and (2) shall be recomputed annually in the same manner as the recomputation of income tax brackets under subdivision (h) of Section 17041.

(p) For each taxable year beginning on or after January 1, 2020, Section 32(m) of the Internal Revenue Code, relating to identification numbers, is modified as follows:

(1) By deleting "(other than a social security number issued pursuant to clause (II) (or that portion of clause (III) that relates to clause (II)) of section 205(c)(2)(B)(i) of the Social Security Act)."

(2) By substituting "federal individual taxpayer identification number or a social security number" for "social security number."

(q) An eligible individual, eligible individual's spouse, or qualifying child using a federal individual taxpayer identification number as authorized under subdivision (p) shall:

(1) Upon request of the Franchise Tax Board, provide:

(A) Identifying documents acceptable for purposes of obtaining a California driver's license as authorized by subdivisions (a) and (c) of Section 12801.9 of the Vehicle Code, enacted by Chapter 524 of the Statutes of 2013, and related regulations adopted for purposes of establishing documents acceptable to prove identity.

(B) Identifying documents used to report earned income for the taxable year.

(2) Upon receiving a valid social security number issued to that individual by the Social Security Administration, notify the Franchise Tax Board, in the time and manner prescribed by the Franchise Tax Board.

(r) The Legislature finds and declares that, to the extent they are otherwise qualified for a credit under this section, undocumented persons are eligible for the tax credit authorized by this section within the meaning of subsection (d) of Section 1621 of Title 8 of the United States Code.

SEC. 5. Section 17052.1 of the Revenue and Taxation Code is amended to read:

17052.1. (a) (1) For each taxable year beginning on or after January 1, 2019, there shall be allowed against the "net tax," as defined by Section 17039, a young child tax credit to a qualified taxpayer, in an amount as determined under paragraph (2).

(2) (A) The amount of the young child tax credit shall be equal to one thousand one hundred seventy-six dollars (\$1,176), multiplied by the earned income tax credit adjustment factor for the taxable year as specified for Section 17052.

(B) The young child tax credit allowable in any taxable year to any qualified taxpayer shall be limited to a maximum of one thousand dollars (\$1,000).

(C) The young child tax credit shall be reduced by twenty dollars (\$20) for each one hundred dollars (\$100), or fraction thereof, by which the qualified taxpayer's earned income, as defined in Section 17052, exceeds the "threshold amount". For purposes of this section, the "threshold amount" shall be twenty-five thousand dollars (\$25,000).

(D) The young child tax credit authorized by this section shall only be operative for taxable years for which resources are authorized in the annual Budget Act for the Franchise Tax Board to oversee and audit returns associated with the credit allowed under Section 17052.

(3) For taxable years beginning after the taxable year in which the minimum wage, as defined in Section 1182.12 of the Labor Code, is set at \$15 per hour, the "threshold amount" in subparagraph (C) shall be recomputed annually in the same manner as the recomputation of income tax brackets under subdivision (h) of Section 17041.

(b) "Qualified taxpayer" means an eligible individual who has been allowed a tax credit under Section 17052 and has at least one qualifying child.

(c) "Qualifying child" shall have the same meaning as under Section 17052, except that the child shall be younger than 6 years old as of the last day of the taxable year.

(d) (1) The Franchise Tax Board may prescribe rules, guidelines, procedures, or other guidance to carry out the purposes of this section. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code shall not apply to any rule, guideline, or procedure prescribed by the Franchise Tax Board pursuant to this section.

(2) (A) The Franchise Tax Board may prescribe any regulations necessary or appropriate to carry out the purposes of this section, including any regulations to prevent improper claims from being filed or improper payments from being made with respect to net earnings from self-employment.

(B) The adoption of any regulations pursuant to subparagraph (A) may be adopted as emergency regulations in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) and shall be deemed an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, these emergency regulations shall not be subject to the review and approval of the Office of Administrative Law. The regulations shall become effective immediately upon filing with the Secretary of State, and shall remain in effect until revised or repealed by the Franchise Tax Board.

(e) If the amount allowable as a credit under this section exceeds the tax liability computed under this part for the taxable year, the excess shall be credited against other amounts due, if any, and the balance, if any, shall be paid from the Tax Relief and Refund Account and refunded to the qualified taxpayer.

(f) Notwithstanding any other law, amounts refunded pursuant to this section shall be treated in the same manner as the federal earned income refund for the purpose of determining eligibility to receive benefits under Division 9 (commencing with Section 10000) of the Welfare and Institutions Code or amounts of those benefits.

(g) (1) In accordance with Section 41 of the Revenue and Taxation Code, the purpose of the Young Child Tax Credit is to reduce poverty among California's poorest working families and young children. To measure whether the credit achieves its intended purpose, the Franchise Tax Board shall annually prepare a written report on the following:

(A) The number of tax returns claiming the credit.

(B) The number of qualifying children represented on tax returns claiming the credit.

(C) The average credit amount on tax returns claiming the credit.

(2) The Franchise Tax Board shall provide the written report to the Senate Committee on Budget and Fiscal Review, the Assembly Committee on Budget, the Senate and Assembly Committees on Appropriations, the Senate Committee on Governance and Finance, the Assembly Committee on Revenue and Taxation, and the Senate and Assembly Committees on Human Services.

(h) The Legislature finds and declares that, to the extent they are otherwise qualified for a credit under this section, undocumented persons are eligible for the tax credit authorized by this section within the meaning of subsection (d) of Section 1621 of Title 8 of the United States Code.

SEC. 6. Section 17131.11 is added to the Revenue and Taxation Code, to read:

17131.11. Gross income does not include any payments received by an individual pursuant to Section 8150 of the Welfare and Institutions Code.

SEC. 7. Section 19265 is added to the Revenue and Taxation Code, to read:

19265. (a) Notwithstanding Section 18670 or 18671, payments authorized pursuant to Section 8150 of the Welfare and Institutions Code shall not be subject to withholding or levy for liabilities due under Section 10878, Part 10 (commencing with Section 17001), Part 11 (commencing with Section 23001), or this part.

(b) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

SEC. 8. Section 19554.1 is added to the Revenue and Taxation Code, to read:

19554.1. (a) Notwithstanding Section 19542, subject to the limitations of this section and federal law, the Franchise Tax Board may provide to the Controller return or return information, including identifying information and other information necessary for the Controller to make payments to "qualified recipients" pursuant to Section 8150 of the Welfare and Institutions Code.

(b) (1) The information provided to the Controller under this section is subject to Section 19542.

(2) The Controller and any officer, employee, or agent, or former officer, employee, or agent, of the Controller shall not disclose or use any information obtained from the Franchise Tax Board pursuant to this section except for the purpose of making payments pursuant to Section 8150 of the Welfare and Institutions Code.

SEC. 9. Chapter 4 (commencing with Section 8150) is added to Division 8 of the Welfare and Institutions Code, to read:

CHAPTER 4. Golden State Stimulus

8150. (a) The Controller shall make a one-time Golden State Stimulus tax refund payment in the applicable amount to each qualified recipient. A qualified recipient shall not receive more than one payment of the applicable amount. The payments may be made in the form and manner determined by the Franchise Tax Board.

(b) For purposes of this section, the following definitions shall apply:

(1) "Applicable amount" means the following:

(A) In the case of a qualified recipient who meets the criteria of only one of clause (i) or clause (ii) of subparagraph (A) of paragraph (3), six hundred dollars (\$600).

(B) In the case of a qualified recipient who meets the criteria of both clause (i) and clause (ii) of subparagraph (A) of paragraph (3), one thousand two hundred dollars (\$1,200).

(2) "Resident" shall have the same meaning as that term is defined in Section 17014 of the Revenue and Taxation Code.

(3) (A) "Qualified recipient" means either of the following:

(i) An eligible individual as determined under Section 17052 of the Revenue and Taxation Code who filed a California individual income tax return for the taxable year beginning on or after January 1, 2020, and before January 1, 2021, who has been allowed a tax credit pursuant to Section 17052 of the Revenue and Taxation Code for that taxable year by November 15, 2021, and is a California resident on the date the Controller issues the payment pursuant to subdivision (a).

(ii) An individual who satisfies all of the following:

(I) Filed a California individual income tax return on or before October 15, 2021, for the taxable year beginning on or after January 1, 2020, and before January 1, 2021.

(II) Included on the return described in subclause (I) either their federal individual taxpayer identification number, or, if married, the federal individual taxpayer identification number of their spouse.

(III) Reported on the return described in subclause (I), California adjusted gross income of seventy-five thousand dollars (\$75,000) or less.

(IV) Is a California resident, as defined by Section 17014 of the Revenue and Taxation Code, on the date the Controller issues the payment pursuant to subdivision (a).

(B) Notwithstanding subparagraph (A), a "qualified recipient" shall not include an individual that satisfies all of the following:

(i) Is an eligible individual without a qualifying child as determined under Section 17052.

(ii) Files their California individual income tax return using the single filing status for the taxable year described in subparagraph (A).

(iii) Satisfies either of the following:

- (I) Is deceased on the date the Controller would issue the payment authorized under subdivision (a), but for the individual's death.
- (II) Is incarcerated, other than incarceration pending the disposition of charges, in a jail, prison, or similar penal institution or correctional facility on the date the Controller would issue the payment authorized under subdivision (a), but for the incarceration.

(c) In the case of a qualified recipient that files a joint return with their spouse pursuant to Part 10.2 (commencing with Section 18401) of Division 2 of the Revenue and Taxation Code for a taxable year described in subparagraph (A) of paragraph (3) of subdivision (b), the qualified recipient and their spouse shall be considered one qualified recipient for purposes of this section, and shall receive only one payment of the applicable amount.

(d) The payment authorized by this section shall not be a refund or overpayment of income taxes under Chapter 6 (commencing with Section 19301) of Part 10.2 of Division 2 of the Revenue and Taxation Code of any liability imposed under Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code.

(e) The Franchise Tax Board shall provide return or return information of the qualified recipients to the Controller as authorized under Section 19554.1 of the Revenue and Taxation Code to allow the Controller to make payments authorized pursuant to this section.

(f) (1) There is hereby created in the State Treasury the Golden State Stimulus Emergency Fund. Notwithstanding Section 13340 of the Government Code, an amount necessary for the Controller to make the required payments under subdivision (a) is hereby continuously appropriated, without regard to fiscal year, from the Golden State Stimulus Emergency Fund to the Controller for the purpose of making the Golden State Stimulus tax refund payments to help low-income Californians.

(2) The Controller shall transfer to the Golden State Stimulus Emergency Fund an amount not in excess of the amount appropriated under paragraph (1).

(3) Any unused money remaining in the Golden State Stimulus Emergency Fund shall be transferred to the General Fund by June 1, 2024.

(g) Notwithstanding any other law, the payment authorized pursuant to this section shall be treated in the same manner as the federal earned income refund for the purpose of determining eligibility to receive benefits under Division 9 (commencing with Section 10000) of the Welfare and Institutions Code, excluding benefits under Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code, or amounts of those benefits.

(h) Notwithstanding any other law, the payment authorized pursuant to this section shall not be taken into account as income, and shall not be taken into account as resources for a period of 12 months from receipt, for purposes of determining the eligibility of such individual, or any other individual, for benefits or assistance or the amount or extent of benefits or assistance under any state or local program not covered in subdivision (g). With respect to a state or local program, this subdivision shall only be implemented to the extent that it does not conflict with federal law relating to that program, and that any required federal approval or waiver is first obtained for that program.

(i) The Legislature finds and declares that, to the extent they are otherwise a qualified recipient pursuant to paragraph (3) of subdivision (b), undocumented persons are eligible for the payment authorized by this section within the meaning of subsection (d) of Section 1621 of Title 8 of the United States Code.

SEC. 10. Chapter 4.5 (commencing with Section 8151) is added to Division 8 of the Welfare and Institutions Code, to read:

CHAPTER 4.5. Golden State Grant Program

8151. (a) The State Department of Social Services shall make a one-time grant payment in the amount of six hundred dollars (\$600) to each person who, on the operative date of this section, meets the definition of a grant recipient in subdivision (b). The grant payments may be made in the form and manner determined by the department, including contracting with one or more entities.

(b) For the purposes of this section, "grant recipient" means one of the following:

- (1) An assistance unit as defined in Section 11450.16 under the California Work Opportunity and Responsibility to Kids Act (Chapter 2 (commencing with Section 11200) of Part 3 of Division 9).
- (2) Subject to subdivision (e), a recipient of benefits provided under the Cash Assistance Program for Aged, Blind, and Disabled Legal Immigrants (Chapter 10.3 (commencing with Section 18937) of Part 6 of Division 9).

(3) Subject to subdivision (e), a recipient of benefits under the Supplemental Security Income/State Supplemental Program (SSI/SSP) (Chapter 3 (commencing with Section 12000) of Part 3 of Division 9).

(c) Notwithstanding any other law, the receipt of a payment under this section shall be treated in the same manner as the federal earned Income Tax Credit for the purpose of determining eligibility to receive benefits under Division 9 (commencing with Section 10000) of the Welfare and Institutions Code or amounts of those benefits.

(d) Notwithstanding any other law, the receipt of a payment authorized pursuant to this section shall not be taken into account as income, and shall not be taken into account as resources for a period of 12 months from receipt, for purposes of determining the eligibility of that individual, or any other individual, for benefits or assistance, or the amount or extent of benefits or assistance, under any state or local program not covered in subdivision (c). With respect to a state or local program, this subdivision shall only be implemented to the extent that it does not conflict with federal law relating to that program, and that any required federal approval or waiver is first obtained for that program.

(e) Pursuant to Section 18941, a recipient eligible to receive a grant payment under paragraph (2) or paragraph (3) of subdivision (b) shall not receive the grant payment unless the department is able to issue grant payments under both paragraphs (2) and (3).

(f) Notwithstanding any other law, for purposes of Section 10850, the activities in furtherance of this section are directly connected with the administration of public social services. Information may be disclosed as necessary to effectuate the purposes of this section. Information disclosed pursuant to this section shall be limited to that information necessary to implement this section.

(g) (1) Contracts or grants awarded pursuant to this section shall be exempt from the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code.

(2) Contracts or grants awarded pursuant to this section shall be exempt from the Public Contract Code and the State Contracting Manual and shall not be subject to the approval of the State Department of General Services.

(h) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the State Department of Social Services may implement, interpret, or make specific this section by means of all-county letters or similar written instructions, which shall be exempt from submission to or review by the Office of Administrative Law. These all-county letters or similar instructions shall have the same force and effect as regulations.

SEC. 11. (a) On or after March 1, 2021, an amount to be determined by the Director of Finance is hereby appropriated from the General Fund to the State Controller's Office in augmentation of Schedule (1) of Item 0840-001-0001 of Section 2.00 of the Budget Act of 2020 for the costs associated with processing and disbursing the tax refund payments pursuant to Section 8150 of the Welfare and Institutions Code.

(b) The Controller shall submit a detailed schedule of costs directly related to the activities required pursuant to Section 8150 of the Welfare and Institutions Code to the Department of Finance for review and approval.

SEC. 12. For purposes of complying with Section 41 of the Revenue and Taxation Code, the Legislature finds and declares as follows:

(1) The purpose of the tax expenditure allowed by Section 17131.11 of the Revenue and Taxation Code is to provide financial relief for low-income Californians who may have been adversely impacted by the economic disruptions resulting from the COVID-19 emergency.

(2) In order to provide information on this tax expenditure, the Franchise Tax Board shall, in consultation with the Controller, prepare a written report that shall include the number of qualified recipients issued a payment pursuant to Section 8150 of the Welfare and Institutions Code. Notwithstanding Section 19542 of the Revenue and Taxation Code, the Franchise Tax Board shall provide the written report to the Legislature by April 1, 2022, in compliance with Section 9795 of the Government Code.

SEC. 13. The Legislature hereby finds and declares that the stimulus payments authorized by Section 8150 of the Welfare and Institutions Code and the grant payments authorized by Section 8151 of the Welfare and Institutions Code serve the public purpose of providing financial relief for low-income Californians who may have been adversely impacted by the economic disruptions resulting from the COVID-19 emergency, and do not constitute gifts of public funds within the meaning of Section 6 of Article XVI of the California Constitution.

SEC. 14. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 15. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

