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SR-58 (2023-2024)

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ENROLLED FEBRUARY 01, 2024

PASSED IN SENATE FEBRUARY 01, 2024

CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

SENATE RESOLUTION

NO. 58

Introduced by Senator Caballero

January 18, 2024

Relative to CalEITC Awareness Week.

LEGISLATIVE COUNSEL'S DIGEST

SR 58, Caballero.

WHEREAS, The California Earned Income Tax Credit (CalEITC), a refundable tax credit, was enacted in 2015 and, along with the federal Earned Income Tax Credit (EITC), is one of the most effective tools we have to fight poverty for Californians; and

WHEREAS, The CalEITC provides a range of credits based on household size and income, but eligible filers can receive a maximum credit of \$3,529; and

WHEREAS, For the 2022 tax year, nearly 3,500,000 California tax filers claimed the CalEITC benefit; and

WHEREAS, Over one in three Californians struggle to meet basic needs, according to United Ways of California's Real Cost Measure report. The report calculates the "Real Cost Measure," which factors the costs of housing, food, health care, child care, and other basic needs for a measure of what it takes to make ends meet in California that is more accurate than the official poverty measure. An estimated 3,700,000 households in California have an income that falls below the Real Cost Measure, and 97 percent of those households have at least one working adult. The CalEITC could help families improve their financial stability now and into the future; and

WHEREAS, Individual Taxpayer Identification Number (ITIN) holders are ineligible for the majority of federal tax benefits, but California has made the groundbreaking decision to open benefits like the CalEITC and Young Child Tax Credit to ITIN holders. This is especially important as 57 percent of households led by someone without United States citizenship live below the Real Cost Measure; and

WHEREAS, Fifty-four percent of households in California with children under six years of age fall below the Real Cost Measure and the Young Child Tax Credit is available to all CalEITC-eligible families with children under six years of age; and

WHEREAS, According to state and national reports, many eligible households in California do not claim their state and federal Earned Income Tax Credits, leaving billions of dollars unclaimed each year. Research suggests that the credit creates local economic impacts equivalent to at least twice the amount of EITC dollars received. Increasing the uptake of tax credits would support households to cover basic expenses such as rent, groceries, and utilities; and

WHEREAS, California can support CalEITC-eligible taxpayers to claim their full tax credits by supporting Volunteer Income Tax Assistance sites that provide high-quality tax preparation, financial stability services, and connections to other community services at no cost. These free services are linguistically and culturally responsive and ensure that tax filers can claim their full tax credit amount without paying unnecessary fees to commercial tax preparers, which can often cost hundreds of dollars; and

WHEREAS, In combination with the federal EITC program and the Young Child Tax Credit, the CalEITC is a proven tool to help fight poverty. Research shows that the EITC can improve child and maternal health and spur local economic growth. Children in families that receive the EITC have better outcomes in both the short and the long term; and

WHEREAS, The state has made a commitment to supporting low-income families through these programs, which now put over \$1,300,000,000 back into households each year, and must continue to take measures to increase the number of eligible households that claim the benefits they are entitled to; now, therefore, be it

Resolved by the Senate of the State of California, That the Senate proclaims January 26, 2024, through February 2, 2024, as CalEITC Awareness Week; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the author for appropriate distribution.