



Senator Susan Rubio

REPRESENTING SENATE DISTRICT 22



SB 691 (Rubio): Tax Credit Expansions: Low Wage Workers and Unpaid Caregivers

Bill Summary

SB 691 will permanently increase the California Earned Income Tax Credit (CalEITC) for ITIN filers excluded from the federal EITC, and extends eligibility for the Young Child Tax Credit (YCTC).

Current Law

The California Earned Income Tax Credit (CalEITC) is a refundable cash back tax credit for qualified low-to-moderate income Californians.

Background

The CalEITC helps mitigate California's high cost of living for people who live in poverty and the federal EITC is a long-running refundable tax credit targeted at low- to middle-income working households. Both are among the most effective tools for reducing poverty across the nation and unfortunately, not everyone receives a meaningful tax credit amount.

According to the California Budget and Policy Center, it is estimated that more than half of low-income workers who benefit from the CalEITC are not eligible for the federal EITC and about half of those workers get less than \$100 from the CalEITC. Many of the workers who would benefit from this proposal are working COVID-19 essential jobs, and earn very little. Providing a more meaningful CalEITC would help to recognize and reward their essential contributions.

Additionally, The YCTC income eligibility threshold is currently set at \$1, allowing for nearly all low-income workers with children to benefit. However, lowering the threshold to \$0 would ensure the YCTC is inclusive to in-home caregivers without paid work, but who are 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.

SB 691 signals that lawmakers believe it is important to make sure that every family with young children can meet basic needs 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 691 will establish a \$100 minimum CalEITC Credit for ITIN filers who do not get the federal EITC.

SB 691 would also change the income eligibility for the YCTC from \$1 earnings to \$0 earnings to include unpaid caregivers with children 6 and under.

Support

Children's Defense Fund-CA (*co-sponsor*)
United Ways of California (*co-sponsor*)
California Association of Food Banks
California Catholic Conference
California Immigrant Policy Center
Coalition of California Welfare Rights Organizations
First 5 Association of California
First 5 California
Friends Committee on Legislation of California
John Burton Advocates for Youth
National Association of Social Workers, California Chapter
Tipping Point Community

For More Information

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