

# **Legislative Matter SB 1409 Report: Studying ways to increase uptake of the CalEITC PowerPoint**

Franchise Tax Board Meeting

Tuesday, March 22, 2022

## **Slide 1: Legislative Matter SB 1409 Report: Studying ways to increase uptake of the CalEITC**

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## **Slide 2: SB 1409 Report**

*The title page from the “Report On the Study to Increase the Number of Claims for the California and Federal EITC” with the Franchise Tax Board logo is shown.*

- Mandated by the Legislature and submitted January 3, 2022
- Looks at barriers to claiming EITC
- Introduces concepts that may increase uptake of the credit
- Identifies collaboration opportunities amongst state agencies
- Documents history and important key statistics

## **Slide 3: Key Statistics**

*A graphic of Golden State Stimulus California For All appears above a graphic displaying the words, “New ITIN filers now eligible! (regardless of immigration status)” is shown.*

- Eligibility expanded each year, most recently to ITINs
- 2020 – 4.2M returns for just over \$1.2B
- 75% of claimants had no dependents
- Nearly 77% received \$200 or less
- 90% used software and filed a timely return

## **Slide 4: Barriers**

*A graphic illustration representing five different people is shown.*

- Not a one size fits all
- Tax preparation is complicated and can be expensive
- May not have information needed
- May be afraid of interaction with government
- State agencies also have administration barriers

## **Slide 5: Concepts**

*A photo of someone using a pen to write notes is shown.*

- Consolidated ideas into eight concepts to study
- No recommendations
- Report provides benefits and risks for each concept
- Discusses the barriers addressed by the concept
- Looks at administrative barriers and implementation

## **Slide 6: Concept A**

*A photo of a woman facing a laptop and looking out of a window with the CalFile logo displayed is shown.*

### **Simplified Filing Portal**

- FTB already has CalFile
- Nearly all those who claim EITC are eligible
- Need a solution that incorporates a federal return
- Timing of data availability can be a challenge

## **Slide 7: Concept B**

*A photo of a woman holding a laptop while leaning against a wall showing computer servers is shown.*

### **Pre-Population of Tax Returns**

- Relies completely on data available
- Study reviewed data held by peer state agencies
- Data showed differences in “household” vs. “tax” units
- Credit estimates for filers accurate only 37% of the time
- Able to use data to identify participants not appearing on a tax return

## **Slide 8: Concept C and D**

*A photo of a Franchise Tax Board employee using a computer to assist a taxpayer with tax preparation is shown. The VITA logo is also shown.*

### **Tax Prep/Education and Outreach**

- Tax preparation by State staff may need additional legal review
- Substantial overlap in public assistance and FTB databases
- Timing of outreach is critical
- Coordination amongst State entities is key
- Historical response to outreach has been small

## **Slide 9: Remaining Concepts**

*A photo of someone using a pen to sign documents at a desk is shown.*

- Concept E – Forms in multiple languages
- Concept F – California unique ID number/ ITIN Assistance
- Concept G – Increasing grant funding
- Concept H – Providing ongoing grant funding

### **Slide 10: Moving Forward**

*A photo of a woman holding a laptop on one arm with a multicolored puzzle behind her is shown. The words “Goals, Organization, Strategy, Teamwork, Planning, Analysis, Costs, Management, Communication, Efficient, and Customer” surround her.*

- Carefully balance the needs of taxpayers and administration of program
- Statutory authority and data sharing agreements likely needed
- Federal return filing should be a consideration of any proposal

### **Slide 11: Questions?**

### **Slide 12: Public Comment**