



## Bill Analysis

Author: Committee on Budget Sponsor:

Bill Number: AB 88

Related Bills: See Legislative  
History

Introduced December 7, 2020,  
Amended February 18,  
March 1, and March 3, 2021

## SUBJECT

Golden State Stimulus Payment/ Golden State Grant Program

## SUMMARY

This bill would exclude from gross income the one-time Golden State Grant (GSG) payments. This bill would also make clarifying changes to the one-time Golden State Stimulus (GSS) payment. This bill would exclude one-time GSS and GSG payments from garnishment orders, with some exceptions, and add requirements for financial institutions to identify these payments.

The bill also would add reporting requirements related to the gross income exclusion of the GSG payments to meet the requirements of Revenue & Taxation Code (RTC) section 41; and would add an appropriation of \$100,000 to the Franchise Tax Board (FTB) to increase awareness of the GSS.

This is the department's first analysis of the bill and only addresses the provisions of the bill that impact the department's programs and operations.

## RECOMMENDATION

No position.

## SUMMARY OF AMENDMENTS

The February 18, 2021, amendments removed provisions of the bill related to the Budget Act of 2021 and replaced them with the GSS and GSG provisions under the Welfare and Institutions Code.

The March 1, 2021, amendments add that the one-time GSS grant payment authorized by the California Department of Social Services (CDSS) to the gross income exclusion under the RTC. This bill also makes technical changes to the DSS provisions related to the grant program.

This bill also adds a provision to exclude the one-time GSS tax refund and GSG payments from bank garnishments and provides other requirements for financial institutions to identify these payments. The payments continue to be subject to child support, spousal support, family support, or criminal restitution payable to victims.

The March 3, 2021, amendments clarifies that an individual must meet the requirements as an eligible individual, as specified, except for the CalEITC's age requirement.

### **REASON FOR THE BILL**

The reason for the bill is to provide clarification and additional provisions related to the GSS and GSG programs. The purpose of these payments is to provide financial relief for low-income Californians who may have been adversely impacted by the COVID-19 emergency.

### **ANALYSIS**

Gross Income Exclusion:

This bill, under the RTC, would provide that the one-time GSG payments authorized by the CDSS would be excludable from California gross income.

Golden State Stimulus:

This bill, under the Welfare and Institutions Code (WIC), would clarify that a recipient must meet the requirements of an eligible individual for the California Earned Income Tax Credit (CalEITC), except for the CalEITC's age requirement.

Exemption of Golden State Stimulus Payments and Golden State Grant Payments from Garnishment Orders:

Under the WIC, the one-time GSS and GSG payments are excluded from third party garnishment orders against delinquent accounts. The payments continue to be subject to child support, spousal support, family support, or criminal restitution payable to victims.

### Section 41 Requirements:

This bill, in section 5, in compliance with RTC section 41, would specify the following:

- The purpose of the tax expenditure allowed by the California gross income exclusion (RTC section 17131.11) 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.
- The FTB, in consultation with the Controller, would be required to prepare a written report to the Legislature that includes the number of qualified recipients issued a one-time GSG payment under Section 8151 of the WIC. Notwithstanding RTC section 19542, the FTB would be required to provide the report by April 1, 2022, in compliance with Government Code section 9795.

### Appropriations:

This bill would provide an appropriation of \$100,000 for FTB to provide increased awareness and outreach of the GSS to Earned Income Tax Credit (EITC) recipients.

### *Effective/Operative Date*

This bill, providing for appropriations related to the Budget Bill and identified as a bill related to the budget in the Budget Bill, would be effective immediately upon enactment and specifically operative as of that date.

### Federal/State Law

#### *Federal Law*

### Economic Impact Payments

Federal legislation, Public Law 116-136, commonly known as the CARES Act, provided one-time economic impact payments of \$1,200 (\$2,400 for joint filers) to individuals meeting certain criteria, including having a social security number (SSN) valid for employment and adjusted gross income (AGI) that did not exceed the following amounts:

- \$150,000 if married and filing a joint return;
- \$112,500 if filing as head of household; or
- \$75,000 for eligible individuals using any other filing status.

The payment was reduced by 5 percent (5%) of the amount by which AGI exceeded the applicable threshold above.

The Consolidated Appropriations Act (CAA), Public Law 116-206, authorized a second payment of \$600 (\$1,200 for a joint return), plus \$600 for each qualifying child, if the individual (and individual's spouse if filing a joint return) was not a dependent of another taxpayer on a 2019 tax return, had a SSN valid for employment, and AGI did not exceed the following amounts:

- \$150,000 if married and filing a joint return or if filing as a qualifying widow or widower;
- \$112,500 if filing as head of household; or
- \$75,000 for eligible individuals using any other filing status.

The American Rescue Plan Act (ARPA), Public Law 117-2, authorized a third payment of \$1,400 (\$1,800 for a joint return), plus \$1,400 for each qualifying child, if the individual (and individual's spouse if filing a joint return) was not a dependent of another taxpayer on a 2020 tax return, had a SSN valid for employment, and AGI did not exceed the following amounts:

- \$150,000 if married and filing a joint return or if filing as a qualifying widow or widower;
- \$112,500 if filing as head of household; or
- \$75,000 for eligible individuals using any other filing status.

### *State Law*

Under the WIC, the Controller is authorized to make a one-time GSS payment to qualified recipients. A qualified recipient must be a California resident and be either of the following:

- An eligible individual as determined under the CalEITC 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 the CalEITC for that taxable year by November 15, 2021, and is a resident on the date the Controller issues the payment.
- An individual who satisfies all of the following:
  - 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.
  - Included on the return either their federal ITIN, or, if married, the federal ITIN of their spouse.
  - Had California adjusted gross income (CA AGI) of \$75,000 or less.
  - Is a California resident on the date the Controller issues the payment.

A qualified recipient that files a joint return with their spouse is considered one qualified recipient and receives only one payment. In addition, a “qualified recipient” does not include an individual that satisfies all of the following:

- Is an eligible individual without a qualifying child as determined under the CalEITC.
- Files their California individual income tax return for taxable year 2020 using the single filing status.
- Is either deceased or incarcerated, as specified, on the date the Controller would issue the one-time GSS payment, but for the individual's death or incarceration.

A qualified recipient will receive a one-time payment of either:

- \$600 if they meet one of the criteria required for a qualified recipient, or
- \$1,200 if they meet both criteria (for taxable year 2020 is both an ITIN filer and a CalEITC recipient).

Please refer to the below table providing a summary of GSS payment amounts:

<b>Qualifications on 2020 tax return</b>	<b>GSS Payment Amount</b>
CalEITC recipient with an SSN	\$600
CalEITC recipient with an ITIN	\$1,200
CalEITC recipient who files a joint return and either taxpayer or spouse has an ITIN.	\$1,200
<b>Not</b> a CalEITC recipient and: <ul style="list-style-type: none"> <li>• File with an ITIN</li> <li>• CA AGI of \$75,000 or less</li> </ul>	\$600
<b>Not</b> a CalEITC recipient and: <ul style="list-style-type: none"> <li>• File joint return and either taxpayer or spouse has an ITIN</li> <li>• CA AGI of \$75,000 or less</li> </ul>	\$600

This one-time GSS payment is not a refund or overpayment of income taxes under Chapter 6 (commencing with Section 19301) of Part 10.2 of Division 2 of the RTC of any liability imposed under Part 10 (commencing with Section 17001) of Division 2 of the RTC.

The FTB is required to:

- Determine the form and manner in which the payments are made.
- Provide return or return information of the qualified recipients to the Controller as authorized under RTC section 19554.1 to allow the Controller to make the one-time GSS payments.

The State Treasury creates the Golden State Stimulus Emergency Fund for the purpose of making the one-time GSS payments. Any unused money remaining in the Golden State Stimulus Emergency Fund shall be transferred to the General Fund by June 1, 2024.

The one-time GSS payment is treated in the same manner as the federal earned income refund for the purpose of determining eligibility to receive benefits under the WIC, as specified, or amounts of those benefits.

Additionally, the one-time GSS payment 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. With respect to a state or local program, this provision 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.

The FTB, in consultation with DSS, will prepare a written report to the Legislature by April 1, 2022, that includes the number of qualified recipients issued a one-time GSS payment. Notwithstanding RTC section 19542, the FTB is required to provide the report by April 1, 2022, in compliance with Government Code section 9795.

The DSS will administer the grant program under WIC 8150 related to the GSG payments.

#### *Implementation Considerations*

None noted.

#### *Technical Considerations*

None noted.

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### *Policy Considerations*

None noted.

### **LEGISLATIVE HISTORY**

SB 88 (Ch. 8, Stat. 2021) created the one-time GSS and GSG grant payments program.

### **PROGRAM BACKGROUND**

Not applicable.

### **FISCAL IMPACT**

This bill would not significantly impact the department's costs.

### **ECONOMIC IMPACT**

This bill as amended on March 3, 2021, would not impact state income or franchise tax revenue.

### **LEGAL IMPACT**

None noted

### **APPOINTMENTS**

None noted.

### **SUPPORT/OPPOSITION**

None noted.

### **ARGUMENTS**

None noted.

### **LEGISLATIVE CONTACT**

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