



## **Bill Analysis**

Author: Lee, et al.

Sponsor:

Bill Number: AB 661

Related Bills: See Legislative  
History

Introduced: February 14, 2025

### **SUBJECT**

The California Guaranteed Income Research and Expansion Act

### **SUMMARY**

This bill, under the Welfare and Institutions Code (WIC), would require the Franchise Tax Board (FTB) to disclose data to the State Department of Social Services (SDSS).

The analysis only addresses the provisions that would impact the FTB.

### **RECOMMENDATION**

No position—The three-member Franchise Tax Board has not formally voted or taken a position on this bill.

### **SUMMARY OF AMENDMENTS**

Not applicable.

### **REASON FOR THE BILL**

The reason for the bill is to develop recommendations on how to design, fund, and implement a permanent, statewide guaranteed income program.

### **ANALYSIS**

This bill would, under the WIC and without regard to any other state law, to the extent permitted by federal law, require the FTB to disclose necessary data to the SDSS, for the SDSS to implement the Guaranteed Income Research and Expansion Act (Act).

The SDSS would be required to contract with one or more entities to design, fund, and implement the program. The contractor chosen by the SDSS would be required to, among other requirements, identify necessary data-sharing partnerships among groups, individuals, state agencies, and departments, including the FTB.

Implementation of this bill would be subject to an appropriation by the legislature.

*Effective/Operative Date*

This bill would be effective January 1, 2026, and would be operative subject to an appropriation by the Legislature.

*Federal/State Law**Federal Law*

Current federal law provides that returns and tax information are confidential and may not be disclosed to federal or state agencies or employees except for authorized purposes. Agencies allowed access to federal return information include certain federal and state agencies, such as the FTB. A federal return is defined as any tax return, information return, declaration of estimated tax, or claim for refund under the Internal Revenue Code.

*State Law*

Unless authorized by a provision of law, it is a misdemeanor for a member, agent, or employee of the FTB to disclose information reported on returns, reports, or documents required to be filed under Personal Income Tax Law and Corporation Tax Law.

Current state law prohibits the disclosure of any confidential taxpayer information except as specifically authorized by statute. California law permits the FTB to release individual tax return information to specific state agencies. Agencies must have a specific reason for requesting the information, including investigating items of income disclosed on any return or report, verifying eligibility for public assistance, locating absent parents to collect child support, or locating abducted children. For some agencies, only limited information may be released, such as the taxpayer's social security number and address.

California law also permits the FTB to release confidential tax information according to tax return sharing agreements with the Internal Revenue Service, and the taxing authorities of other states and Mexico. The exchange must relate to the enforcement of tax laws and the information must not be made public. Any FTB employee or member responsible for the improper disclosure of federal tax information is subject to felony criminal prosecution.

Additionally, state law provides that the FTB may respond to requests from local taxing agencies to furnish information on a specific taxpayer. The request must be in the form of an affidavit.

*Implementation Considerations*

FTB has identified the following considerations and is available to work with the author's office to resolve these and other considerations that may be identified.

This bill would allow the FTB to disclose necessary data to SDSS, however, it does not specify the following details:

- The prioritization of SDSS requesting the data from the FTB (by date of the request, by volume, etc.),
- The number of processed requests allowed to SDSS per year,
- The amount of time the FTB would be allowed to process one request,
- The vetting process to determine if the study and/or study meet the requirements and intentions of the bill,
- The specific data that may be disclosed, and
- Parameters set as to who this data could be shared with or how it could be used.

#### *Technical Considerations*

FTB's authority to disclose confidential information is included in Division 2, of Part 10.2. For consistency, it is recommended that any provisions authorizing the FTB to disclose information be added within FTB's disclosure provisions.

#### *Policy Considerations*

California's system of taxation is based on voluntary self-compliance. Taxpayers file tax returns knowing that their data is used by FTB for the purpose of tax administration and that it is not widely shared absent specific situations embodied under the statutes. This bill may raise concerns with taxpayers and impact their willingness to file as they are concerned with the disclosure of tax information to others for any reason.

The bill may result in the need for FTB to prioritize workloads and data requests if more requests are received than FTB has the resources to accommodate. Additionally, if SDSS does not use the information as intended by this bill, there is no methodology for retrieving the data.

FTB data may not be the most helpful information to identify eligible candidates for a guaranteed income program for several reasons. Many individuals eligible for guaranteed income programs may not have a filing requirement meaning FTB data has little value for the most relevant group of individuals under study. Additionally, eligibility for guaranteed income programs may be determined on the current income situation of a 'household', while tax return information includes only those individuals required to be included on a tax return. Also, any data provided by FTB would be at least 18 months old, which is unreliable to determine current financial position.

## **LEGISLATIVE HISTORY**

AB 153 (Assembly Committee on Budget, Chapter 86, Statutes of 2021) established the California Guaranteed Income Pilot Program to provide guaranteed income to California residents who age out of an extended foster care program or individuals who are pregnant.

AB 2263 (Friedman and Lee, 2023/2024), substantially similar to this bill, would have required the FTB to disclose necessary data to the SDSS for the purpose of creating a Guaranteed Income Statewide Feasibility Study where SDSS would make recommendations about the feasibility of a statewide guaranteed income program. AB 2263 was vetoed by the governor whose veto message stated,

The 2021-22 Budget Act provided \$35 million over five years for grants to administer a Guaranteed Income Pilot Program, which began enrollment in 2023. Additionally, the 2024-25 Budget Act provided another \$5 million for eligible adults 60 years of age or older. Considering that there is existing funding provided and ongoing activity with the current guaranteed income pilots, this bill is premature. Further, the funding necessary to implement AB 2263 is not included in the budget.

## **PROGRAM BACKGROUND**

California has a voluntary compliance-based tax system – meaning taxpayers voluntarily agree to file their return and pay their taxes due. FTB ensures that data received as a result of voluntary compliance is private, secure, and is protected.

Information received, generated, and maintained by the FTB is generally considered confidential unless specifically provided otherwise by statute. The FTB currently collects and shares information with departments to assist with program administration. For example, FTB provides voter registration information to the Secretary of State, individual requests for health care coverage information to the California Health Benefit Exchange, and business entity information for the State Controller's Office unclaimed property program.

## **OTHER STATES' INFORMATION**

None noted.

## **FISCAL IMPACT**

FTB's costs to implement this bill have yet to be determined. As the bill moves through the legislative process, costs will be identified.

## **ECONOMIC IMPACT**

### *Revenue Estimate*

This bill, as introduced on February 14, 2025, does not change the way income or franchise tax is calculated under the Revenue and Taxation Code.

## **LEGAL IMPACT**

None noted.

## **EQUITY IMPACT**

None noted.

## **APPOINTMENTS**

None noted.

## **SUPPORT/OPPOSITION**

Assembly Committee on Appropriations Analysis dated 04-08-2025.

### *Support*

End Child Poverty in California  
National Council of Jewish Women Los Angeles  
Western Center on Law & Poverty

### *Opposition*

California Taxpayers Association

## **ARGUMENTS**

None noted.

## **LEGISLATIVE CONTACT**

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