



Bill Analysis

Author: Laird and Irwin

Sponsor:

Bill Number: SB 575

Related Bills: See Legislative
History

Introduced February 20, 2025,
and Amended March 24, 2025

SUBJECT

Cradle-to-Career Data System

SUMMARY

Under the Administration of Income and Franchise Tax Laws (AFITL), this bill would allow the Franchise Tax Board (FTB), to share data with California Cradle-to-Career Data System, (C2C), for purposes of furthering the administration of the C2C's Data System.

RECOMMENDATION

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

SUMMARY OF AMENDMENTS

The March 24, 2025, amendments added a co-author and removed unnecessary language.

This is the FTB's first analysis of the bill.

REASON FOR THE BILL

The reason for this bill is to further the administration of the C2C.

ANALYSIS

This bill would, under the AFITL, provide that the C2C may disclose any of the matching elements identified in the participation agreement, for purposes of matching data, with the FTB to further the administration of the C2C.

This bill would provide that upon receipt of the information provided by C2C, that the FTB may disclose return or return information in FTB's records through information sharing agreements and in accordance with the participation agreement, to allow C2C to add that return or return information to the P20W data set.

This bill would authorize the FTB to disclose the following return and return information, as reported to the FTB by the taxpayer, and may include but not be limited to the following:

- Federal adjusted gross income information
- Address
- County of residence
- The amount of any Child and Dependent Care Expenses Credit, California Earned Income Tax, Young Child Tax Credit, or Foster Youth Tax Credit.

This bill would prohibit the FTB from disclosing or providing any federal tax information.

This bill uses the following terms as defined in section 10861 of the Education Code:

- "Participation agreement" means the legal framework used by the state to establish the conditions under which data may be shared and used, and may include the use of a master data exchange agreement or other agreements between partner entities, data providers, and the managing entity.
- "P20W data set" means the data set adopted by the C2C governing board and requested from the data providers that includes the data points described in the report to the Department of Finance and the Legislature and as adjusted by the governing board.

This bill would require that information provided to the C2C would be subject to the same prohibition against disclosure of information applicable to the FTB and may not be used for any other purpose other than for ascertaining income and matching data for the purpose of furthering the administration of the C2C.

Additionally, this bill would provide that any unwarranted disclosure or use of the return or return information by the C2C, or its employees or officers thereof, is a misdemeanor.

Effective/Operative Date

This bill would be effective and operative January 1, 2026.

Federal/State Law

Disclosure of Information

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. Any FTB employee or member responsible for the improper disclosure of federal tax information is subject to felony criminal prosecution.

State law prohibits the disclosure of any confidential taxpayer information, except as specifically authorized by statute. Any FTB employee or member responsible for the unauthorized disclosure of state or federal tax information is subject to criminal prosecution. Improper disclosure of state tax information is a misdemeanor and improper disclosure of federal tax information is a felony.

Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

Many other data sharing agreements that exist now allow benefit-based programs to validate information an applicant has filed to prove eligibility with FTB. In those situations, the applicant likely has signed or is made aware their data is subject to verification and thus, they have affirmatively or via action agreed to have their data verified. In this situation, no such event is occurring.

LEGISLATIVE HISTORY

AB 661 (Lee, et al., 2025/2026, under the Welfare and Institutions Code, would require the FTB to disclose necessary data to the State Department of Social Services (SDSS) for the purpose of the development of recommendations on how to design, fund, and implement a permanent, statewide Guaranteed Income Program and for SDSS to publish on its website and provide a report to the Governor and the Legislature on the feasibility and benefits of expanding the California Guaranteed Income Pilot Program, effective January 1, 2026, subject to a Legislative appropriation. AB 661 is currently in the Assembly Appropriations Committee.

AB 1402 (McKinnor, et al., 2025/2026) amongst other provisions, would require the FTB to share requested information with the SDSS and any county welfare department to calculate Fresh Start Grant (FSG) amounts. Under the PITL for taxable years beginning on or after January 1, 2027, this bill would provide that the California Earned Income Tax Credit, Foster Youth Tax Credit, and Young Child Tax Credit amounts allowed would be reduced by the FSG amount received. AB 1402 is currently pending in the Assembly Human Services Committee.

AB 1538 (Quirk, 2021/2022) would have authorized the FTB to disclose, upon request, returns or return information to a bona fide research body for conducting research related to poverty. AB 1538 did not pass out of the Assembly by the constitutional deadline.

PROGRAM BACKGROUND

The California Cradle-to-Career Data System (C2C) was created for the purpose of connecting individuals and organizations to trusted information and resources. Data from the C2C may be used to provide insight, such as early learning and care to grade 12, inclusive, and into higher education, and skills training opportunities.

C2C data may be used to accomplish all of the following:

- Address disparities in opportunities and outcomes.
- Support student guidance.
- Foster continuous improvement.
- Address the needs of researchers.

OTHER STATES' INFORMATION

None noted.

FISCAL IMPACT

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

ECONOMIC IMPACT

Revenue Estimate

This bill as introduced on February 20, 2025, and amended March 24, 2025, would not impact state income or franchise tax revenue.

LEGAL IMPACT

None noted.

EQUITY IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

To be determined.

ARGUMENTS

To be determined.

LEGISLATIVE CONTACT

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