April 3, 2023

The Honorable Jacqui Irwin
Chair, Committee on Revenue and Taxation
State Capitol, Room 6220
Sacramento, CA 95814

RE: AB 1498 (Gipson) - CalEITC $300 Minimum - SUPPORT

Dear Chair Irwin,

On behalf of All Home, I am writing in support of AB 1498 (Gipson), which would establish a California Earned Income Tax Credit (CalEITC) minimum amount of at least $300. All Home is a Bay Area organization that advances regional solutions to disrupt the cycles of poverty and homelessness and create more economic mobility for people with extremely low incomes. As we work to increase the supply of affordable housing, it is critical that we prevent people from entering homelessness by addressing economic insecurity and housing instability. A minimum credit of at least $300 reflects the increased housing and living costs contributing to homelessness and poverty for families with extremely low incomes, and provides funds that help the most vulnerable Californians remain housed.

Economic insecurity caused by a lack of affordable housing, sharp increases in cost of living expenses, and stagnating wages across the state have made it increasingly difficult for Californians with low and extremely low incomes to remain housed, and disproportionately affects people of color. State and federal policies including redlining, exclusionary zoning, Proposition 13, and over-exposure to the criminal justice systems have contributed to the stark racial wealth gap that leaves people of color far more likely to live in an extremely low income household. The CalEITC is a powerful tool to address this injustice, and to build economic security for low-income people across the state. The California Budget and Policy Center reports that 78% of CalEITC eligible filers are people of color, 35% are immigrants and more than 52% are women, making this credit an incredibly effective policy to combat racism and promote equity.

The CalEITC is in direct alignment with statewide goals of alleviating poverty and supporting communities that have historically been excluded from state-sanctioned wealth building...
opportunities as the cost of living soars. The CalEITC is a cost-effective way to deliver direct, targeted support to Californians who struggle to meet their basic needs such as housing, childcare, and healthcare. Yet every year, billions of unclaimed dollars are left on the table by Californians who do not file their taxes, in part because few workers receive the maximum amount of our existing tax credits. In 2023, the maximum CalETIC credit for filers without dependents is $275, with the minimum credit set at $1. By establishing a minimum credit of at least $300 for all CalEITC claimants, AB 1498 would provide a much more meaningful credit for workers with and without dependents. Beyond the contribution to economic and racial equity, this credit would have the following impacts:

- A higher minimum credit would incentivize tax filing, particularly for workers without dependents, and increase uptake of federal credits, boosting household incomes and stimulating local economies.

- Second, a minimum credit would simplify outreach efforts for state agencies and employers who cannot accurately predict the amount an individual could be eligible for due to the CalEITC’s complex formula structure. Guaranteeing every eligible filer $300 would reduce confusion for those delivering outreach and education.

- Third, a minimum credit streamlines administration by the Franchise Tax Board by enabling innovation such as simplified or automatic filing.

Preventing homelessness requires equitable economic assistance that helps extremely low income families afford their basic needs and stay in their homes. Increasing the CalEITC minimum to $300 is an important step towards keeping extremely low income Californians housed, and provides urgently needed financial resources to our most vulnerable neighbors. We strongly support AB 1498, and urge you and your colleagues on the Committee on Revenue and Taxation to approve and forward the bill.

Sincerely,

Tomiquia Moss

Founder and CEO
All Home