



April 8, 2025

The Honorable Mike Gipson
Chair, Assembly Committee on Revenue and Taxation
1020 N Street, Room 167A
Sacramento, CA 95814

RE: SUPPORT – AB 398 (Ahrens): Personal income tax: Earned Income Tax Credit.

Dear Assemblymember Gipson:

On behalf of All Home, I am writing to express our strong support for AB 398 (Ahrens), which would establish a minimum California Earned Income Tax Credit (CalEITC) of at least \$300 for low-wage earners. This increase would provide a meaningful financial boost to families and individuals, helping them better manage California's high cost of living while strengthening the effectiveness of the CalEITC. Setting a \$300 minimum also accounts for rising inflation and ensures that the greatest number of Californians receive a robust credit.

All Home advances solutions to disrupt the cycles of poverty and homelessness, and to create more housing and economic security for Californians with the lowest incomes.

Our state's homelessness crisis is primarily driven by poverty: too many Californians don't make enough to comfortably afford their rent. The CalEITC remains one of California's most effective tools for reducing poverty among low and extremely low-income workers, advancing economic equity, and narrowing the racial wealth gap. It provides a refundable tax credit to families earning \$31,950 or less annually and, unlike the federal EITC, extends eligibility to Individual Taxpayer Identification Number (ITIN) holders. According to the California Budget and Policy Center, [78% of CalEITC-eligible filers are people of color, 35% are immigrants, and more than 52% are women](#)—making this credit a proven, impactful anti-racist policy.

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Aligning with the state's broader goals of poverty reduction, affordability, and inclusive economic opportunity, the CalEITC is a cost-effective, targeted solution to support Californians struggling with rising living expenses, including housing, childcare, and healthcare.

AB 398 would ensure that this vital resource provides the meaningful support our most vulnerable communities need. **In 2024, the maximum CalEITC for filers without dependents is just \$294—and most receive far less.** In fact, according to data from the Franchise Tax Board, 81% of all CalEITC recipients in 2023 received less than \$300 from the credit. **With the current minimum set at only \$1, there is little incentive to file.** A higher minimum credit would encourage more low-income workers to claim their benefits, helping to capture billions in unclaimed federal funds that go unused each year. By boosting tax filing rates, a larger state credit would also increase uptake of federal credits like the EITC, ultimately strengthening household incomes and stimulating local economies.

Establishing a minimum CalEITC of \$300 would have other significant practical impacts:

- It would simplify outreach and education efforts. Due to the complexity of the CalEITC formula, state agencies and employers often struggle to predict the exact amount a filer may receive, creating confusion among those eligible. Establishing a guaranteed \$300 minimum would remove this uncertainty, making it easier for outreach organizations and frontline workers to inform and assist filers accurately; and
- It would streamline administration for the Franchise Tax Board (FTB). A standardized minimum credit would reduce processing complexities, allowing the FTB to explore innovations such as simplified or automatic filing, ultimately making tax filing more accessible and efficient for low-income Californians.

The CalEITC is one of the state's most effective tools for reducing poverty, yet many recipients receive only a minimal credit. Raising the CalEITC minimum to \$300 will not only enhance financial security for low-income, historically disenfranchised communities, but also improve the efficiency and reach of the program as a whole. For these reasons, All Home respectfully requests your "AYE" vote on AB 398.

Sincerely,

A handwritten signature in black ink, appearing to read "Brett Andrews". The signature is fluid and cursive, with a large initial "B" and "A".

Brett Andrews
Interim Chief Executive
All Home