

AMENDED IN ASSEMBLY APRIL 9, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 1078

**Introduced by Assembly Member Lieber
(Coauthor: Assembly Member Swanson)**

February 23, 2007

An act to add Section ~~11265.1~~ 11322.5 to the Welfare and Institutions Code, relating to earned income credit.

LEGISLATIVE COUNSEL'S DIGEST

AB 1078, as amended, Lieber. Earned income tax credit: CalWORKs.

Federal income tax laws allow a refundable federal Earned Income Tax Credit (EITC) for low-income individuals that meet specified requirements.

~~This bill would provide that any income derived by an individual from the EITC shall not affect eligibility under specified provisions relating to CalWORKs, as provided. This~~

This bill would require the State Department of Social Services to develop guidelines that may be adopted by counties relating to the EITC, as specified. This bill would make legislative findings and declarations in connection therewith.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 11322.5 is added to the Welfare and*
- 2 *Institutions Code, to read:*

1 11322.5. (a) *It is the intent of the Legislature to do each of*
2 *the following:*

3 (1) *Maximize the ability of those CalWORKs recipients who are*
4 *in the lowest-income segment of the working poor to benefit from*
5 *the federal Earned Income Tax Credit (EITC). To accomplish this*
6 *goal, it is the intent of the Legislature that counties have the ability*
7 *to assure that payments made to recipients who are engaged in*
8 *welfare-to-work activities pursuant to subdivisions (a) to (j),*
9 *inclusive of Section 11322.6 meet the definition of “earned income”*
10 *in Section 32(c)(2) of the Internal Revenue Code.*

11 (2) *Educate and empower all eligible CalWORKs participants*
12 *to take advantage of the federal EITC.*

13 (3) *Educate and empower all CalWORKS participants who*
14 *receive the federal EITC to save or invest part or all of their credits*
15 *in instruments such as individual development accounts, 401(k)s,*
16 *or 529s, to build their assets.*

17 (b) (1) *No later than December 1, 2008, the State Department*
18 *of Social Services shall develop guidelines that counties may adopt*
19 *to carry out the intent of this section and shall present options to*
20 *the Governor and Legislature for any legislation necessary to*
21 *carry out the intent of this section.*

22 (2) *In developing the guidelines and legislative options, the*
23 *department shall consult and convene at least one meeting of*
24 *interested parties, including representatives from the Assembly*
25 *and Senate Human Services Committees, Asset Policy Initiative*
26 *of California, California Budget Project, California Catholic*
27 *Conference, California Family Resource Association, California*
28 *State Association of Counties, CFED, County Welfare Directors*
29 *Association of California, Federal Reserve Bank of San Francisco,*
30 *Legislative Analyst’s Office, Lifetime, National Council of*
31 *Churches, National Economic Development and Law Center, New*
32 *America Foundation, Public Policy Institute of California,*
33 *University of California at Los Angeles Law School, and Western*
34 *Center on Law and Poverty. Nothing in this section requires the*
35 *department to compensate or pay expenses for any person it*
36 *consults or invites to the meeting or meetings.*

37 ~~SECTION 1. This act shall be known and may be cited as the~~
38 ~~“Working Families Credit.”~~

39 ~~SEC. 2. The Legislature declares its intent to enact legislation~~
40 ~~that would:~~

1 ~~(a) Require state entities to design a program to supplement the~~
2 ~~federal Earned Income Tax Credit (EITC) and take maximum~~
3 ~~advantage of the benefits provided for eligible recipients by~~
4 ~~increasing their earned income.~~

5 ~~(b) Increase the amount of federal EITC dollars to which~~
6 ~~California residents are entitled by ensuring each potential EITC~~
7 ~~beneficiary earns an amount of earned income equal to or greater~~
8 ~~to the plateau range within the federal EITC structure.~~

9 ~~(c) Develop state policies aimed at increasing the earned income~~
10 ~~within the meaning of the Internal Revenue Code, for California~~
11 ~~residents.~~

12 ~~(d) Identify individuals and families within the phase-in range~~
13 ~~of the federal EITC.~~

14 ~~SEC. 3. Section 11265.1 is added to the Welfare and~~
15 ~~Institutions Code, to read:~~

16 ~~11265.1. (a) Any income derived by an individual from the~~
17 ~~federal earned income credit shall not affect the eligibility of that~~
18 ~~individual with respect to any benefits provided under this part.~~

19 ~~(b) The State Department of Social Services shall develop~~
20 ~~guidelines that may be adopted by counties within existing~~
21 ~~programs such as CalWORKs' community service plans so that~~
22 ~~payments made to beneficiaries will qualify for the earned income~~
23 ~~tax credit.~~