



June 10, 2015

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The Honorable Mark Leno, Chair
Senate Committee on Budget and Fiscal Review
State Capitol Building, Room 5100
Sacramento, CA 95814

Re: Governor's Proposed Earned Income Tax Credit

Dear Senator Leno:

The California State Association of Counties (CSAC) is pleased to SUPPORT the Governor's proposal to implement a new \$380 million state Earned Income Tax Credit (EITC) to assist working Californians at the lowest rungs of the economic ladder. We commend the Joint Conference Committee on the Budget for also approving this proposal.

According to the 2010 Census, 16.3 percent of Californians live at or below the federal poverty level. This number jumps to 23.5 percent of Californians when using an expanded federal poverty level measure that includes basic needs such as clothing, housing, and utilities.

Poverty has a large impact on some of our most vulnerable populations, including children. One-third of the 6 million impoverished Californians are children, and nearly one out of four children in the state is currently living in a poverty-stricken household. The impact of childhood poverty can last a lifetime; children who grow up in poverty are three times as likely to live in poverty as adults.

The Governor estimates that this new tax credit will assist 2 million residents or 825,000 families and slide up or down based on the number of dependents in a household. Those with less than \$6,580 in income with no dependents and up to \$13,870 with three or more dependents will qualify and may receive a tax credit of between \$460 to \$2,653 annually.

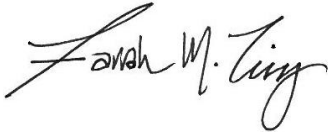
Additionally, the joint Budget Conference Committee approved the inclusion of the \$380 million EITC in the state budget, and added language to indicate that it is the Legislature's intent to increase the allocation amount in the future.

California would not be the first to implement a state-level EITC. In fact, twenty-five states, local governments and federal districts, including the District of Columbia, New York City and Montgomery County, Maryland currently provide some form of an EITC in varying amounts.

California's counties are the front line California's provision human assistance, behavioral health, and health care systems, serving as the community's link between state and federal policies and the delivery of critical poverty reduction services. We appreciate both the Governor including an EITC proposal in his May Revision and the actions taken by the joint Budget Conference Committee to forward this proposal to the full Legislature.

Counties SUPPORT the Governor's EITC proposal and the Conference Committee's action on creating a new state EITC. If you have additional questions about our position, I can be reached at fmcdaid@counties.org or (916) 650-8110. Thank you.

Sincerely,

A handwritten signature in black ink that reads "Farrah M. Ting". The signature is written in a cursive style with a large, stylized initial 'F'.

Farrah McDaid Ting
Legislative Representative

cc: Honorable Members, Senate Budget and Fiscal Review Committee
The Honorable Kevin de León, President Pro Tempore, California State Senate
Jennifer Troia, Office of President Pro Tempore de León
Chantele Denny, Senate Budget and Fiscal Review Committee
Samantha Lui, Senate Budget and Fiscal Review Committee, Subcommittee 3
Julie Souliere, Assembly Republican Fiscal Office
Donna Campbell, Office of the Governor
Keely Bosler, Capitol Office, Department of Finance
Matt Paulin, HHS, Department of Finance
Jay Kapoor, HHS, Department of Finance
Mark Newton, Legislative Analyst's Office
Ryan Woolsey, Legislative Analyst's Office
Frank Mecca, Executive Director, County Welfare Directors Association