



## AB 2589: Anti-Poverty Child Tax Credit

### **Bill Summary**

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[AB 2589](#) will provide a California Child Tax Credit Payment – a new, one-time \$2,000 tax credit payment per dependent to families earning under \$30,000 per year. This bill will also raise the minimum amount for the California Earned Income Tax Credit (CalEITC) from \$1 to \$255 to help ensure that low-income workers and families do not fall deeper into poverty.

### **Existing Law**

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Establishes the CalEITC to reduce poverty among working families and individuals by distributing credits by income and number of dependents (Revenue and Taxation Code 19851).

### **Background**

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The CalEITC provides a tax refund aimed at giving an economic boost to low-income individuals making \$30,000 or less per year. Currently, the minimum CalEITC credit is \$1, the maximum credit for filers without dependents is \$255, and the maximum credit for a filer with just one dependent is \$1,495.

However, very few workers receive the maximum credit. About half of low-income workers without children receive a CalEITC of less than \$200 and more than 100,000 families with children receive credits of less than \$100.

As inflation continues to increase prices for vital goods and services, a low-value tax credit does not provide the assistance working class Californians need and deserve.

The federal Child Tax Credit (CTC) is a tax benefit that helps low and moderate-income working families support their children ages 0 to 17. At the state level, the California Young Child Tax Credit (YCTC) dispenses \$1,000 per household with a child five years or younger and that makes \$30,000 or less. However, those over the age of five receive no California YCTC, leaving a significant number of youth without State financial assistance. California's credits are also more inclusive and equitable, providing credits to older and younger workers and workers with an Individual Taxpayer Identification Number.

The American Rescue Plan temporarily expanded the CTC from \$2,000 to \$3,600 per child for those ages 0-5 and \$3,000 for those ages 6-17. Last year, families received half of their credit through advanced monthly payments. Congress failed to extend the federal CTC and the assistance expired on December 15, 2021, leaving millions of families with children at risk of falling back into or deeper into poverty.

### **Need for AB 2589**

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As the federal expanded Child Tax Credit expires and Congress fails to provide dire financial support to low-income-income, California must step up to prevent nearly 1.7 million children from falling back into or deeper into poverty.

AB 2589 will leverage California's monumental budget surplus to provide a historic investment

in our children, families, and low-income residents by providing a one-time \$2,000 California Child Tax Credit payment per CalEITC eligible dependent to families that earn \$30,000 or less per year. With this, a family with children 0-5 years will receive a total of \$3,000 per child (\$2,000 one-time payment + \$1,000 existing Young Child Tax Credit), and those with eligible dependents age 6 and above will receive \$2,000 per dependent.

Furthermore, AB 2589 will support low-income workers by increasing the minimum California Earned Income Tax Credit from \$1 to \$255, giving around 3 million California tax filers without dependents an economic boost to support equitable recovery from COVID-19.

With the California Young Child Tax Credit and the CalEITC minimum payment increase, families could receive anywhere from \$8,000 to \$16,000 – a significant boost out of poverty.

**Co-Sponsors: The CalEITC Coalition**

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End Child Poverty CA/The GRACE Institute  
United Ways of California  
Golden State Opportunity  
Children’s Defense Fund California  
Alameda County Community Foodbank  
ACLU California  
Alameda County Community Food Bank  
Asian Americans Advancing Justice  
Asian Pacific Environmental Network  
Bay Area Regional Health Inequities Initiative  
California Asset Building Coalition  
California Catholic Conference  
California Immigrant Policy Center  
California Interfaith Coalition  
California Association of Food Banks  
CAIR California  
California Partnership  
Catholic Charities of the Diocese of Stockton  
California County of Welfare Rights Organizations  
California Employment Lawyers Association

California Food and Farming Network  
California Food Policy Advocates  
California Industrial Areas Foundation  
California Labor Federation  
California Nurses Association  
California Pan-Ethnic Health Network  
California Reinvestment Coalition  
California Welfare Directors Association  
California Women’s Law Center  
Childcare Law Center  
Coalition for Humane Immigrant Rights (CHIRLA)  
Courage California  
Dolores Huerta Foundation  
Drug Policy Alliance  
Ella Baker Center for Human Rights  
Economic Security Project Action  
Equal Rights Advocates  
First 5 Association of California  
Friends Committee on Legislation of California  
FREE SF  
GLIDE  
Greenlining Institute  
Inland Coalition for Immigrant Justice  
John Burton Advocates for Youth  
Jewish Public Affairs Committee of California  
Justice in Aging  
Latino Coalition for a Healthy California  
Latino Community Foundation  
Long Beach Immigrant Rights Coalition  
Leadership Counsel for Justice and Accountability  
Legal Aid at Work  
Lutheran Office of Public Affairs California  
National Association of Social Workers-CA Chapter  
National Council of Jewish Women - California  
Policy Advocacy Network  
NextGen California  
PICO California  
Pomona Economic Opportunity Center  
Roberts Enterprise Development Fund (REDF)  
San Diego Immigrant Rights Coalition  
SEIU California  
Silicon Valley Community Foundation  
Stronger CA Advocates Network

TODEC Legal Center  
UDW AFSCME Local 3930  
United Way East Bay  
Universal Income Project  
Voices for Progress  
Western Center on Law and Poverty  
Young Invincibles

### **Support**

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American Federation of State, County and  
Municipal Employees (AFSCME)  
Bay Area Asset Funders Network  
Building Skills Partnership  
Community Action Marin  
End Poverty in California  
Jumpstart for Young Children Inc.  
Kidango  
SaverLife  
SBCS  
Silicon Valley Community Foundation  
UnidosUS  
United Way Bay Area  
United Way of Greater Los Angeles  
United Way of Northern California  
United Way of San Joaquin County  
United Way of Ventura County  
United Way Orange County

### **Opposition**

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None on file.

### **For More Information**

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