



## **Legislative History: Asset Building**

**California Working Families Policy Summit  
January 12, 2011**

**The following legislative history offers a brief overview of state asset-building policies.**

2006

**AB 2439 (Klehs) Chapter 90, Statutes of 2006**

This bipartisan bill amended Franchise Tax Board rules to permit California filers to split their refund into more than one account. By allowing multiple deposit accounts on tax forms, the state made it easier for filers to save automatically at tax time.

**AB 2466 (Daucher and Arambula) Chapter 781, Statutes of 2006**

This bipartisan bill added financial education to the list of allowable work activities, such as job search or job training, which recipients may perform in order to meet eligibility requirements while receiving CalWORKs assistance. It also excluded retirement and college savings plans from the asset limits that determine eligibility for CalWORKs- ending the penalization of families who manage to save for college or retirement.

2007

**AB 167 (Bass)**

This bill would have repealed the asset limit on CalWORKs applicants and recipients to encourage low-income families to build the savings they need to permanently exit CalWORKs. The bill had overwhelming support and no opposition. It was held in Senate Appropriations as a result of cost constraints.

**AB 1078 (Lieber) Chapter 622, Statutes of 2007**

This bill expanded the savings exclusions detailed in AB 2466 (Daucher and Arambula) to CalWORKs applicants and removed the \$5,000 savings limit from Individual Development Accounts. The bill also promoted savings and asset building through maximum use of the Earned Income Tax Credit.

**Assembly Bill 1693 (Eng)**

The bill amended the state income tax form to allow filers to purchase savings bonds with a portion of their refund to make it easier for Californians to save their tax refunds, for many their best savings resource. This bill had no opposition. The bill was held on suspense in the Assembly Appropriations Committee due to costs associated with amending the state income tax form.

**SB 752 (Steinberg and Dutton)**

This bipartisan bill would have created the Kids Investment and Development Savings (KIDS) Account – an at-birth savings account for every child in California. This bill was held in the Senate Revenue and Taxation Committee.

2008

**AB 2123 (Lieu)**

This bipartisan bill would have established a dedicated Financial Literacy Advocate and a Financial Literacy Advisory Committee to create an information warehouse where Californians can turn for answers on basic financial questions and for referral to other, more specific resources. It also would have created the Financial Services Corps, a cadre of financial planner volunteers to help low- and

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middle-income Californians make sound financial decisions. This bill had bipartisan support and no opposition. It was vetoed by the Governor.

### **AB 2368 (Fuentes)**

This bill would have repealed the \$4,650 vehicle asset limit for CalWORKs applicants and recipients in order to encourage low-income families to become employed and self-sufficient. Limiting vehicle value to \$4,650 – a grossly outdated figure – undermines a worker's ability to gain and maintain employment, thereby encouraging continued reliance on public assistance. The bill had overwhelming support and no opposition. It was held in the Senate Appropriations Committee due to cost pressures.

### **SB 323 (Oropeza)**

This bipartisan bill would have created an easy way for California families to save for college by amending the state income tax form to allow filers to directly deposit their refund into an existing state-administered, tax-advantaged 529 college savings account designed to help children and their families save for postsecondary education. The bill had no opposition and was held on suspense in the Assembly Appropriations Committee.

2010

### **AB 125 (De Leon)**

This bill would have created the CA Employees Savings Program to promote expanded retirement security for working Californians by making it easier for them to save through payroll deduction. This bill passed policy committees in both houses. It was held on suspense in the Senate Appropriation Committee due to cost pressures.

### **AB 1058 (Beall & Fuentes)**

This bill would have repealed the \$2,000 asset limit in CalWORKs for current recipients and eliminated the \$4,650 vehicle limit from CalWORKs eligibility rules. This bill had overwhelming support and no opposition. It was held in the Senate Appropriations Committee due to budget pressures.

### **SB 1154 (Cedillo)**

This bill would have required public utilities, which already provide low-income assistance programs, to provide to qualifying customers notices that they may qualify for the federal Earned Income Tax Credit. The EITC stimulates the economy while lifting working families out of poverty, and increasing awareness of the underused credit at tax time builds their ability to save. This bill had overwhelming support and no opposition. It was vetoed by the Governor.

### **AB 2457 (Salas)**

This bill would have created a Financial Literacy Fund established in the Office of the Treasurer to authorize the Controller to use the fund for financial literacy efforts throughout the state. This bill was vetoed by the Governor.

### **AB 2581 (Bradford)**

This bipartisan bill would have created a Banking Development District program to spur great financial inclusion among unbanked and underbanked Californians by providing state and local incentives to banks and credit unions that established new branches in low-income communities throughout California and developed products and services tailored to the needs of low-income consumers. The bill had no opposition and overwhelming support. It was vetoed by the Governor.