

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



April 20, 1990

ALL COUNTY LETTER NO. 90-37

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: TREATMENT OF RENTER'S CREDIT PAYMENTS IN THE AFDC AND
FOOD STAMP PROGRAMS.REFERENCE: MPP SECTION 44-101 - INCOME DEFINITION
MPP SECTION 44-111.3(k) - RENTER'S CREDIT EXEMPTION
MPP SECTION 42-213.2(j) - TAX REBATES AND CREDITS
M.S. 63-501.111 - DEFINITION OF A RESOURCE
M.S. 63-502.2(j) - EXCLUSION OF LUMP SUM PAYMENTS AS
INCOME

The purpose of this letter is to inform Counties of a decision of the State Board of Equalization which affects Aid to Families with Dependent Children (AFDC) renters. In the Appeals of Juanita A. Diaz and Constance B. Watts, the State Board of Equalization held that the refundable \$137.00 renter credit available for "heads of household" cannot be denied to an otherwise eligible renter solely because that renter's primary source of income is from AFDC.

This decision applies to all years which are still open under the statute of limitations, 1985-1988, inclusive. The Franchise Tax Board (FTB) has identified the following three groups of AFDC recipients who are affected by this decision:

First are AFDC recipients who claimed \$137.00 renter credits as "heads of households" during the open years, but who were instead granted \$60.00 renter credits. The FTB is processing refund checks to these individuals. These individuals will not be required to file individual claims;

Second are individuals who filed for the \$60.00 renter credit during the open years, but who may have been AFDC recipients who were entitled to the \$137.00 renter credit. These individuals must file a claim form for the larger renter credit. The FTB plans to provide these individuals with claim forms;

Third, there may also be some qualified renters whose primary income was from AFDC who did not claim the renter's credit by filing a State income tax return (Form 540 A). In order to obtain the renter's credit, these individuals must file a return for each open year that they may qualify.

The FTB has requested the Department's assistance in notifying this third group of recipients of their potential eligibility to the renter's credit refunds. In doing so, the Department agreed to distribute a renter's credit poster. A copy of the poster is attached. Note that the posters are printed with English on one side and Spanish on the other. Both languages must be displayed in all County welfare offices which service AFDC and Food Stamp recipients through October 1990.

With this letter, we are sending a supply of posters based on an estimate of need. However, if any County has not received an adequate number, small orders can be filled until existing stock is exhausted.

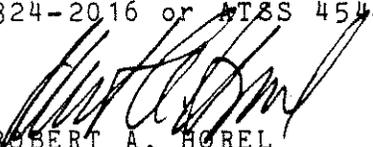
Treatment Of Renter's Credit Payments

For AFDC purposes, MPP Section 44-111.3(k) exempts from consideration as income, renter's credits received from the California Franchise Tax Board. Therefore, any renter's credit payments received as a result of this decision are exempt. However, in accordance with MPP 44-101 and 44-101.9, the interest portion of the payment received is considered available income when determining financial eligibility and grant entitlement. In accordance with MPP 42-213.2(j) and W&I Code Section 11008.4, the renter's credit payments are also exempt from consideration as property.

We have been advised by the FTB that many of the individuals described above in the first and second groups received renter's credit refunds in October 1989. These payments included both the refund and interest. For the most part, individuals in the third group will not be entitled to receive interest.

For Food Stamp purposes, Manual Section (M.S.) 63-502.2(j) exempts as income, money received in the form of a nonrecurring lump-sum payment. Therefore, any renter's credit payments, including the one-time interest received as a result of this decision, is exempt as income. However, payments will be counted as a resource in accordance with M.S. 63-501.111.

If you have any questions regarding this letter, please contact Sandra Poole-Taylor of the AFDC and Food Stamp Policy Implementation Bureau at (916) 324-2661 or ATSS 454-2661. If additional posters are needed, call LeAnne Torres, at (916) 324-2016 or ATSS 454-2016.


ROBERT A. GOREL
Deputy Director

Poster Stock Attachment to
County Welfare Departments Only

Attachment

AFDC RECIPIENTS

The State of California may owe you a renter's credit refund.

If you were a renter during 1985, 1986, 1987, 1988 or 1989, and **did not** file a tax return for one or more of those years, you may be eligible for a renter's credit refund.

To receive a renter's credit refund, you must claim the refund by filing a California income tax return for each year you qualify. Renter's credit refunds are either \$137 per year for married couples, heads of household and surviving spouses, or \$60 per year for other individuals.

Note: 1985 returns must be filed by April 16, 1990.

*For additional information or
assistance
contact the Franchise Tax Board*

Southern California
(Area Codes 213, 619, 714, 805, 818)
(800) 852-5711

Northern California
(Area Codes 209, 408, 415, 707, 916)
(800) 852-7050

Sacramento Metropolitan Area
and Out of State
***(916) 369-0500**

For hearing impaired with TDD **(800) 822-6268**

*If this is a toll call from your Sacramento location, call **(800) 852-7050**.

RECIPIENTES DE AFDC

El Estado de California puede deberle a Ud. un reembolso por el Crédito de Renta.

Si pagó renta durante 1985, 1986, 1987, 1988 o 1989, y no hizo una declaración de impuestos para o más de esos años, pudiera calificar para recibir un reembolso por el Crédito de Renta.

Para reclamar un reembolso de este crédito, Ud. debe llenar una declaración de impuestos para California por cada año en que Ud. califique. Los reembolsos por cada año so de \$137 para matrimonios, cabezas de familia y personas viudas o de \$60 para otros individuos.

Nota: Las declaraciones de impuestos para 1985 deberán ser enviadas a mas tardar el 16 de Abril de 1990.

*Para información o assitencia adicional,
llame al Franchise Tax Board.*

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