



STATE OF CALIFORNIA
Franchise Tax Board

Homeless Hiring Tax Credit Report

Economic and Statistical Research Bureau



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Purpose

This report is intended to fulfill the Franchise Tax Board's (FTB) obligation under Assembly Bill 150 (Chapter 82, Statutes of 2021), which added Revenue & Taxation Code (RTC) sections 17053.80 and 23629 and included a requirement that FTB report on or before April 1, and annually thereafter, the total number of employers who applied for credit reservations, the aggregate amount of credits reserved in the second calendar year prior to the year the report is posted, and the aggregate amount of credits claimed on the tax returns during the preceding calendar year.

Prepared by the Staff of the
Franchise Tax Board
STATE OF CALIFORNIA

Members of the Board:
Malia M. Cohen, Chair
Ted Gaines, Member
Joe Stephenshaw, Member

Executive Officer: Selvi Stanislaus

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Background

Chapter 82 of the Statutes of 2021 (AB 150) established the Homeless Hiring Tax Credit (HHTC) for eligible employers who hire and retain eligible individuals. The amount of credit is based on the number of hours an eligible individual works for an eligible employer during the taxable year. Under the RTC sections 17053.80 and 23629, an “eligible employer” is a taxpayer who pays wages subject to California withholding, pays at least 120 percent of minimum wage, and provides to the FTB, upon request, a copy of the certification received for each eligible individual. An “eligible individual” is a person that is homeless on the date of the hire or anytime during the 180-day period immediately before the hire, or someone who is receiving supportive services from a homeless services provider as designated by a local continuum of care or a community-based service provider that is connected to the local coordinated entry system or to a local Homeless Management Information System. The eligible individual also must have been issued a certification that has not expired from a continuum of care or a community-based service provider that is connected to the local coordinated entry system or to a local Homeless Management Information System.

To be eligible for the credit, eligible employers must request a credit reservation, with the FTB, within 30 days of hiring an eligible individual. The maximum amount of credit allowed can be up to \$30,000 per taxable year per qualified taxpayer. The total aggregate amount of credits available for reservation is \$30 million, per calendar year, plus any unallocated credit amount from the preceding year. This credit is operative for taxable years beginning on or after January 1, 2022, and before January 1, 2027.

Franchise Tax Board Statutory Reporting Requirements

In accordance with RTC section 41, the FTB is required to publish an annual report on its internet website, while the credit is in effect, no later than April 1. Within four days of posting the report, the FTB must provide a letter indicating the report is posted to the Chief Clerk of the Assembly and the Secretary of the Senate. The report is required to include the following:

- The number of employers who applied for credit reservations in the second calendar year prior to the year the report is posted.
- The aggregate amount of credits reserved in the second calendar year prior to the year the report is posted.
- The aggregate amount of credits claimed on tax returns during the preceding calendar year.

The legislatively stated goal of the credit is to “to encourage employers to hire and retain individuals from the homeless population who have been found to face systemic barriers to employment.” This report meets the FTB's requirement to report by April 1, 2025. The information presented is from 2023 tax return data processed as of December 10, 2024.

Data

Table 1: The number of reservations and the credit amounts reserved and allowed in in Tax Year 2023*

| Number of Employers who applied for Reservations | Total Credits Reserved | Total Credits Allowed |
|---|-------------------------------|------------------------------|
| 10 | \$113,333 | ** |

* Not all timely 2023 tax year returns may have been processed as of this writing.

** Data for statistical tabulations prepared at the state level may not be released for cells containing data for fewer than 10 returns.

Table 1 shows the total number of credit reservations, and the aggregate amount of credits reserved in the 2023 taxable year. For the 2023 taxable year, 10 taxpayers reserved \$133,333 in credits. The data for allowed credits comes from FTB Form 3831, which captures credit usage and carryover. For data processed as of December 10, 2024, the amount of credits allowed on 2023 tax year returns cannot be disclosed due to state privacy rules because the number of taxpayers claiming the credit was fewer than 10.

Please visit FTB's website for detailed information regarding the reservation and claiming of the [HHTC](#).