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Proposed Funding for California-based Low-Income Tax Clinics to Assist with California State Tax Controversies

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EXECUTIVE SUMMARY

Low-income California taxpayers have few options to receive pro bono representation on their state tax controversies with the Franchise Tax Board ("FTB") and the Office of Tax Appeals ("OTA"). The lack of sufficient pro bono programs often means that many California taxpayers are forced to represent themselves *pro se*, which places a burden on government employees to assist taxpayers in understanding their tax issues and to explain the complex tax law and procedures necessary to resolve the taxpayers' cases.

California taxpayers have some limited options for pro bono assistance, but they are not sufficient to reach many taxpayers who would benefit from representation. Low-Income Taxpayer Clinic ("LITC") established under I.R.C. § 7526 may only provide pro bono representation and education to low-income taxpayers who have controversies before the Internal Revenue Service ("IRS") and related state controversies. However, there are numerous instances where the taxpayer may not have a related federal controversy, including unpaid state taxes that exist after the 10-year federal collection statute expires, California Earned Income Tax Credit ("CalEITC") audits, and issues related to part-year and non-resident returns.

I.R.C. § 7526 also defines a low-income taxpayer as one who earns at or below 250% of the federal poverty guidelines. Due to the high cost of living and higher wages in much of California, this restriction leads to LITCs rejecting taxpayers who are low and very low income in California based on the State of California's Department of Housing and Community Development's ("HCD") figures.

California has two options for full or limited scope representation for taxpayers who have cases before the Office of Tax Appeals: 1) the FTB Taxpayers' Rights Advocate Office Taxpayer Appeals Assistance Program ("TAAP") and 2) the Limited Scope Pro Bono Project with the Taxation Section of the California Lawyers Association and the Office of Tax Appeals ("OTA") (The "CLA/OTA Pro Bono Project"). Both of these programs have limited reach as they only represent taxpayers who have appeals before the OTA, when providing representation earlier in the controversy process could lead to more cases resolved without the need to appeal to OTA.

Providing more and earlier support to low-income taxpayers can not only ease the costs to the government in working with an unrepresented taxpayer, but also can ensure that our most vulnerable residents receive tax credits like the CalEITC to help lift them out of poverty.

This paper argues that more is needed to support low-income California taxpayers to resolve their state tax controversies. First, the paper discusses the limitations of the current representation options and why new funding is necessary to fill the current justice gap. Second, it describes state grant programs in Massachusetts and Maryland to provide funding to assist with state controversies. Finally, the paper proposes a grant program similar to the federal LITC program administered under I.R.C. § 7526.

I. INTRODUCTION

Low-income California taxpayers have few options to receive pro bono representation on their state tax controversies with the Franchise Tax Board ("FTB") and the Office of Tax Appeals ("OTA"). The lack of sufficient pro bono programs often means that many California taxpayers are forced to represent themselves *pro se*, which places a burden on government employees to assist taxpayers in understanding their tax issues and to explain the complex tax law and procedures necessary to resolve the taxpayers' cases.

This paper discusses why additional funding is necessary. Finally, it proposes additional funding for federally funded Low-Income Taxpayer Clinics (LITCs) to provide representation to low-income individual taxpayers with California state tax controversies.

II. BACKGROUND

California taxpayers currently have three main options to receive full or limited scope representation related to California-state tax controversies: 1) federally funded LITCs; 2) the FTB Taxpayers' Rights Advocate Office Taxpayer Appeals Assistance Program (TAAP); and 3) the CLA/OTA Pro Bono Project.

1. Low-Income Taxpayer Clinics funded by the United States

Since 1998, the United States has funded LITCs under I.R.C. § 7526 to ensure the fairness and integrity of the tax system for taxpayers who are low-income or who speak English as a second language by providing pro bono representation to taxpayers with tax controversies before the IRS, educating taxpayers about their tax rights and responsibilities, and identifying and advocating for issues that impact such taxpayers.[1]

The grant initially authorized up to $100,000 to qualifying LITCs;[2] however, starting in 2023, the maximum grant award has been temporarily increased to $200,000, pending further action by Congress to amend I.R.C. § 7526 to permanently increase the cap.[3]

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[1] Keith Fogg, *Taxation with Representation*, 67 TAX LAW. 5 (2013); INTERNAL REVENUE SERVICE, PUBLICATION 3319 at 1 (2020).
[2] Keith Fogg, *Taxation with Representation*, 67 TAX LAW. 5 (2013).
[3] INTERNAL REVENUE SERVICE, PUBLICATION 3319 at i (2020).

LITCs funded under I.R.C. § 7526 are funded to assist low-income individual taxpayers in controversies with the IRS.[4] However, the grant rules permit LITCs to assist a taxpayer with a state or local tax matter, but only where the state or local tax matter concerns a same or related controversy with the Internal Revenue Service.[5]

At least 90 percent of the clients accepted by an LITCs must have household incomes below 250% of the Federal Poverty Level (FPL).[6] For 2024, a household of one can make a maximum of $37,650 per year, while a family of four is capped at $78,000.[7]

LITCs that receive funding must provide matching funds on a dollar-for-dollar basis.[8] These match funds can come as cash donations, direct or indirect expenses, or in-kind contributions.[9]

2. **Current state-based options for California tax controversy representation**

California taxpayers currently have two options for full or limited scope representation on California tax matters for which they have filed an appeal with the Office of Tax Appeals: 1) the FTB Taxpayers' Rights Advocate Office Taxpayer Appeals Assistance Program (TAAP); and 2) CLA/OTA Pro Bono Project.

a. **FTB Taxpayers' Rights Advocate Office Taxpayer Appeals Assistance Program (TAAP)**

TAAP offers free assistance to qualifying taxpayers who file an appeal with the Office of Tax Appeals where the amount in dispute is less than $30,000.[10] Through this program, law students at law schools throughout the state represent taxpayers in their OTA cases under the supervision of the Supervising Attorney, on a myriad of tax issues including head of household

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[4] I.R.C. § 7526(b)(1)(A)(ii)(I). Business taxpayer are not represented, unless the taxpayer is taxed at a flow-through level. *Id.*

[5] INTERNAL REVENUE SERVICE, PUBLICATION 3319 at 13.

[6] I.R.C. § 7526(b)(1)(B)(i).

[7] U.S. DEP'T OF HEALTH & HUMAN SERVS, OFFICE OF THE ASSISTANT SEC'Y FOR PLANNING & EVALUATION, 2024 POVERTY GUIDELINES: 48 CONTIGUOUS STATES (ALL STATES EXCEPT ALASKA AND HAWAII), *available at* https://aspe.hhs.gov/sites/default/files/documents/7240229f28375f54435c5b83a3764cd1/detailed-guidelines-2024.pdf.

[8] I.R.C. § 7526(c)(5).

[9] *Id.*

[10] *Tax Appeals Assistance Program*, STATE OF CAL. FRANCHISE TAX BD., https://www.ftb.ca.gov/help/disagree-or-resolve-an-issue/tax-appeals-assistance-program.html (last visited Oct. 4, 2024).

filing status, credits, and innocent spouse claims.[11] Between January 2019 and August 2023, TAAP assisted 687 taxpayers.[12]

b. **Limited Scope CLA/OTA Pro Bono Project**

The Taxation Section of the California Lawyers Association provides an opportunity for *pro se* taxpayers with appeals before the OTA to meet with a pro bono attorney to discuss their appeals through their limited scope CLA/OTA Pro Bono Project. The CLA/OTA Pro Bono Project holds three virtual pro bono events each year. Ahead of each event, the Office of Tax Appeals sends invitations to an average of 25 taxpayers with pending appeals to participate in the CLA/OTA Pro Bono Project. Invited taxpayers then schedule a one-hour limited scope consultation with a pro bono attorney through the California Lawyers Association. Since the program's debut in December 2022, 49 unrepresented taxpayers have met with a pro bono attorney through this program.[13]

III. DISCUSSION

While California taxpayers have some options to receive limited or full scope representation on their state tax controversies, the current options fall short of meeting California taxpayers' needs.

This discussion section will first outline the concerns with I.R.C. § 7526 and. Next, it will discuss the limitations with currently available California state tax controversy options and how additional funding could benefit Californians. Finally, it will discuss some additional policy arguments for providing additional funding.

1. **I.R.C. § 7526 is too limited to provide adequate representation to California taxpayers**

The federal funding guidelines fall short of meeting the needs of California taxpayers to ensure access to pro bono representation for our most vulnerable taxpayers for a few reasons. First, LITCs are prohibited from assisting with state tax controversies without a related federal tax controversy, Second, the income guidelines in I.R.C. § 7526 are tied to the federal poverty level, which excludes a significant number of California taxpayers who are

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[11] *Id.*

[12] Angela Jones, Taxpayers' Rights Advocate, *Ask the Advocate: The Tax Appeals Assistance Program (TAAP)*, STATE OF CAL. FRANCHISE TAX BD. (Aug. 2023), *available at* https://www.ftb.ca.gov/about-ftb/newsroom/tax-news/august-2023/#article9.

[13] Data on file with the author.

considered low-income based on local and state standards. Finally, the $200,000 grant cap is insufficient to hire and retain staff necessary to assist taxpayers who need tax legal services.

a. **I.R.C. § 7526 prohibits LITCs from helping clients with state issues unless a federal issue is present, leaving many California taxpayers without representation**

LITCs funded under I.R.C. § 7526 are permitted to assist a taxpayer with a state or local tax matter, if the state or local tax matter concerns a same or related controversy with the Internal Revenue Service.[14] The result of this restriction is that many California low-income taxpayers are unable to receive pro bono representation for their state or local tax controversies through an LITC.

There are many circumstances where a taxpayer may have a California state or local tax controversy, but not a related IRS controversy that would permit an LITC to represent the taxpayer. One common area of controversy where LITCs recognize a gap is in collection cases where a taxpayer may owe unpaid taxes. I.R.C. § 6502 provides that the IRS may collect unpaid taxes from a taxpayer for 10 years after the assessment of the tax. California Revenue and Taxation Code (R&TC) Section 19255 provides a collection statute of 20 years from the date the tax becomes due and payable, and the 20-year period may be renewed if an additional tax liability is assessed on the same tax year. Because of the at least 10-year difference in the collection statutes, many taxpayers who owe California taxes are ineligible for pro bono representation at LITCs.

Another area where a California tax controversy but no IRS tax controversy may arise is for taxpayers who are audited related to the California Earned Income Tax Credit (CalEITC). Due to the expansions of the CalEITC over the years, such as the amendment to R&TC Section 17052 to allow ITIN holders to receive CaEITC, more taxpayers are eligible to claim the CalEITC than the federal EITC.[15] Taxpayers ineligible for the federal EITC, but eligible for the CalEITC may not qualify for LITC assistance in the event of an audit of these California-only credits.

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[14] I.R.C. § 7526(b)(1)(A)(ii)(I); INTERNAL REVENUE SERVICE, PUBLICATION 3319 at 13.

[15] Tess Thorman, *Understanding the Reach of the California Earned Income Tax Credit*, PUB. POLICY INST. OF CAL., Table 1, *available at* https://www.ppic.org/publication/understanding-the-reach-of-the-california-earned-income-tax-credit/.

Other common circumstances where a taxpayer may not have a related IRS controversy include independent return examinations by the Franchise Tax Board, demands for tax unfiled tax returns, refund claims, or issues related to nonresidents or part-year residents' requirements to file a California tax return.

b. **LITC income guidelines are tied to the Federal Poverty Guidelines, excluding a significant number of taxpayers considered low-income based on California metrics**

Even if a taxpayer has a related controversy with the IRS, LITCs in California must ensure that 90% of their clients are below 250% of the Federal Poverty Level (FPL), which precludes many California taxpayers from receiving representation.[16]

For 2024 under the FPL, a household of one can make a maximum of $37,650 per year, while a family of four is capped at $78,000.[17] By comparison, the State of California's Department of Housing and Community Development (HCD) releases their own data regarding household income levels for various state programs, such as Section 8 housing. To be considered low income in 2024, a household of one in Sacramento can earn up to $66,050, while a family of four is $94,300.[18] These numbers are significantly more than the FPL. Higher cost of living cities like San Francisco are even more stark where the low-income category for a household of one and a family of four is $109,700 and $156,650, respectively.

Because of the high cost of living in California, LITCs must reject a significant number of taxpayers who are low income based on California standards. These taxpayers likely do not have the means to hire a tax professional to assist them with their state and local tax controversies.

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[16] I.R.C. § 7526(b)(1)(B)(i).

[17] U.S. DEP'T OF HEALTH & HUMAN SERVS, OFFICE OF THE ASSISTANT SEC'Y FOR PLANNING & EVALUATION, 2024 POVERTY GUIDELINES: 48 CONTIGUOUS STATES (ALL STATES EXCEPT ALASKA AND HAWAII), *available at* https://aspe.hhs.gov/sites/default/files/documents/7240229f28375f54435c5b83a3764cd1/detailed-guidelines-2024.pdf.

[18] Megan Kirkeby, *2024 State Income Limits*, STATE OF CAL. DEPT. OF HOUS. & CMTY DEV., DIV. OF HOUSING POLICY DEV. 10-11 (2024), *available at* https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/income-limits-2024.pdf.

2. The California state options currently available for California taxpayers to receive representation is too limited

While the TAAPS program and the CLA/OTA Pro Bono Project provide some options for full or limited scope representation in state tax controversies, these programs are too limited.

One major limitation of these programs is that representation is not available until a taxpayer's case is before the Office of Tax Appeals.

3. Providing additional funding for LITCs to assist with California tax controversies would have additional policy benefits

Although taxpayers have some limited opportunities for full or limited scope representation, additional intervention is needed to ensure California taxpayers have access to adequate state tax controversy representation.

a. Reduce the burden on state resources

It is widely accepted that people representing themselves *pro se* in their legal matters results in a strain on court and other resources. [19] Unrepresented taxpayers require staff, attorneys, and judges to expend more time explaining difficult to understand tax law, as well as reviewing documents and submissions that may be less organized than if the taxpayer was represented by a tax professional. Additional funding for LITCs can reduce this burden, by providing direct representation and more education to taxpayers.

Although there are two state-based options for full and limited scope representation of taxpayers, both of those programs require an appeal before the Office of Tax Appeals to access representation. Additional grant funding to LITCs could allow for earlier intervention in cases, resolving state tax controversies without taxpayers needing to make an appeal to the Office of Tax Appeals. This could further reduce the burden on the administrative court system, if for example, cases are resolved during an initial audit with the help of tax professional.

LITCs could also use the additional funds to expand upon their required educational activities, which could further reduce the burdens on state

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[19] One reason why the LITCs were funded in 1998 was related to the burden of unrepresented taxpayers on the IRS and courts. REPORT OF THE NATTIONAL COMMISSION ON RESTRUCTURING THE INTERNAL REVENUE SERVICE, A VISION FOR A NEW IRS, at 52 (July 54, 1997).

resources by educating California taxpayers about their tax rights and responsibilities.

b. **Ensure fairness and integrity of the tax system**

LITCs play a key role in ensuring the fairness and integrity of the federal tax system and could have similar benefits related to the California tax system. Taxpayers often have little trust in the taxing authorities, which is compounded by being required to navigate the often-confusing procedures necessary to resolve their tax controversies. LITCs see clients who are confused and frustrated by interacting with the various tax agencies. However, the same taxpayers who meet with pro bono representatives often express their great appreciation in helping them navigate this system, regardless of the outcome, which can help promote fairness in the tax system.

Low-income taxpayers with representation also have a significantly higher success in their tax controversies than unrepresented taxpayers.[20] In a 2007 study by the National Taxpayer Advocate, the study found that taxpayers with representatives were nearly twice as likely to prove their eligibility for the EITC during the audit process.[21] This means that a significant number of unrepresented taxpayers may be denied legitimate credits or deductions, merely because they have trouble understanding how to prove their case to the tax agencies. Increasing access to representation could positively impact the fairness in considering taxpayers' claims, ensure that those claims are being considered on their merits, instead of because taxpayers' misunderstandings.

c. **Narrow the justice gap**

Additional funding for LITCs could help close the justice gap in California. In 2019, the State Bar of California conducted a justice gap study that found that at least 55 percent of Californians experienced at least one civil legal issue in their household in the past year.[22] Approximately 85 percent of all Californians received no or inadequate legal help for their civil legal

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[20] NAT'L TAXPAYER ADVOCATE, EITC EXAMINATIONS & THE IMPACT OF TAXPAYER REPRESENTATION, 2007 ANN. REP. TO CONG. 222, 226 (2007) ("Low-income taxpayers with representation were twice as likely as their non-represented counterparts to emerge from an IRS audit with no change in their claimed EITC ... ").
[21] *Id.*
[22] THE STATE BAR OF CAL, 2019 CALIFORNIA JUSTICE GAP SURVEY, EXECUTIVE REPORT, at 6, *available at* https://www.calbar.ca.gov/Portals/0/documents/accessJustice/Justice-Gap-Study-Executive-Summary.pdf.

problems.[23] Even at higher incomes, between 74 and 78 percent of Californians did not receive adequate legal assistance with these issues.[24]

The study concluded that there is both a knowledge and service gap involved in the justice gap.[25] Many Californians lack knowledge about the legal system or that services may be available to them. Additional funding for California LITCs could help close the justice gap by educating California taxpayers about their tax rights and responsibilities, as well as providing direct services to those with state tax controversies.

For those that are aware of legal services, they still may face a gap in services due to lack of funding at legal aid organizations.[26] Due to the limited grant funds provided by the federal grant, LITCs have reported difficulties retaining staff, often leading to closures of the LITCs.[27] Additional funding would help support existing staff, and hire additional staff to increase the number of Californians helped.

d. **Increase access to much-needed support for our most vulnerable Californians**

Both federal EITC and CalEITC are programs essential to lifting taxpayers and families out of poverty, and additional LITC funding could help ensure those credits are reaching the most-needed taxpayers. The CalEITC alone was estimated to lift $45,000 families and $108,000 individuals out of deep poverty in the FTB's 2021 report on the CalEITC and YCTC.[28] However, many eligible taxpayers are not claiming the CalEITC. One study estimated that in 2017, only 54% of eligible California households who received Supplemental Nutrition Assistance Program (SNAP) received CalEITC.[29]

Additional funding to LITCs could increase uptake of these credits by taxpayers who need it most by educating taxpayers about the credits so they

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[23] *Id.* at 7.
[24] *Id.*
[25] *Id.*
[26] *Id.* at 13.
[27] Amy Spivey & Manoj Viswanathan, *Practical Considerations in Starting and Operating an Academic Low-Income Taxpayer Clinic*, 76 Tax Law. 141, 177-78 (2022). At my clinic, I am the only tax attorney and I share a legal secretary with the other clinics at UC Law SF.
[28] STATE OF CAL. FRANCHISE TAX BOARD, CALIFORNIA EARNED INCOME TAX CREDIT & YOUNG CHILD TAX CREDIT REPORT 15 (2022), https://www.ftb.ca.gov/about-ftb/data-reports-plans/California-Earned-Income-Tax-Credit-and-Young-Child-Tax-credit-Report.pdf.
[29] Jon Iselin, et. al., *Measuring Take-up of the California EITC with State Administrative Data*, 10 (June 5, 2023), *available at* https://mattunrath.github.io/files/research/Iselin_etal_CalEITC.pdf.

claim them on their tax returns, as well as representation in the case of examination. In many cases, taxpayers who are eligible for these credits may nevertheless have the credits disallowed during an examination because they do not provide the right documentation or understand how to present their case. Additional representation for California taxpayers could help ensure taxpayers who are eligible for the credits receive them.

4. **Conclusion**

While California taxpayers have some options for full or limited scope state tax controversy representation, more can be done to increase access to these services, which will have multiple benefits to taxpayers and the state.

IV. OTHER STATES' SOLUTIONS

Two other states have provided additional funding for LITCs to assist with state tax controversies: Massachusetts and Maryland.

1. **Massachusetts**

In 2016, Massachusetts became the first state to enact legislation to provide for additional funding to expand or support qualified low-income taxpayer clinics that provide education and assistance to low-income taxpayers seeking to file tax returns and those with Massachusetts state tax controversies.[30] The Department of Revenue funds up to $500,000 in grants for the fiscal year 2025.[31]

The statute largely mirrors the key federal LITC eligibility requirements, with a few key changes: 1) the statute redefines low-income taxpayers as an individual with household income that does not exceed 400% of the FPL; 2) at least 95% of the taxpayers represented by the LITCs must be low-income; 3) permits LITCs to assist with filing tax returns; and 4) permits assistance with tax controversies with the Massachusetts Department of Revenue.

These changes to the federal statute allow Massachusetts LITCs to support taxpayers in claiming refundable tax credits, as well as representing a broader income range of taxpayers who have tax controversies before their state tax agency

[30] Mass. Gen. Laws ch. 14, § 13 (2016).
[31] MA LITC Budget for the Fiscal Year 2025, 1201-0122.

2. Maryland

Maryland took a slightly different approach to their low-income taxpayer clinic grant. Maryland law establishes a special fund, Tax Clinics for Low-Marylanders Fund, split equally among the three federally funded LITCs in Maryland.[32] The three Maryland LITCs are specifically named in the statute, and the available funds are split equally amongst the three LITCs.[33]

The Tax Clinics for Low-Income Marylanders Fund is funded in a number of ways: 1) with proceeds from the state's unclaimed property fund; 2) fines collected related to unlicensed or unregistered tax preparers; 3) money appropriated in the state budget, and 4) any other sources accepted for the benefit of the fund.[34] Beginning in 2024, the Maryland Governor is permitted to include an appropriation to the Low-Income Marylanders Fund in the annual budget bill.[35]

The statute does not provide a cap for the grant amount. Instead, Maryland Commercial Law Code § 17-317 requires that $250,000 of the unclaimed property be directed to the Low-Income Marylanders Fund.[36] Maryland Tax General Code § 13-1004(c) also adds additional funds that are collected as fines imposed on income tax preparers who willfully prepare or assist in preparation of a tax return or claim for refund without being properly licensed or registered to prepare taxes in Maryland.[37]

V. PROPOSAL

This paper suggests that California enact legislation to provide a grant program to award federally funded LITCs with additional funds that will allow LITCs to represent taxpayers with California-only tax controversies and further support the federal LITCs.

1. Establish a grant program similar to the federal grant program

California could adopt a program based on the federal LITC grant, adopting some of the terms and policies laid out in I.R.C. § 7526. The biggest recommended changes are 1) allow representation in California state tax

[32] Md. Code Ann., Tax-Gen. § 1-207.
[33] *Id.* § 1-207(g).
[34] *Id.*
[35] *Id.* § 1-207(h).
[36] Md. Code Ann., Com. Law § 17-317 (West).
[37] Md. Code Ann., Tax-Gen. § 13-1004 (West).

controversies; and 2) adjust the income guidelines for representation under the new grant.

a. **Allow representation in California state tax controversies**

To create parity with the LITCs, I recommend that the grant program allow representation of California individual taxpayers who have state tax controversies at any point in the lifecycle of a case before the Franchise Tax Board and the Office of Tax Appeals. Federal LITCs represent only individuals with mostly income tax controversies, so expanding the program to cover similar cases at the state level would not require the LITCs to significantly change their staff in order to adequately represent the new clients.

b. **Adjust the income guidelines to either an increased FPL or more local poverty standards**

The income guidelines must be updated due to the higher cost of living in California compared to federally. One option is to base the taxpayers' maximum monthly income on an increased FPL, similar to the Massachusetts statute. This would be a simple option that would allow LITCs to assist more taxpayers based on the higher cost of living in California.

Another option is to use the state income limits that are issued by California's Department of Housing & Community Development. This would allow more flexibility to help Californians based on the more localized poverty figures at the county level, increasing the number of Californians eligible for services.

2. **Fund the grant pool in a variety of ways to limit the fiscal impact on the California state budget**

I recommend the amount provided in grant funds to each LITC to be at minimum an additional $250,000, to match the Federal statute. This amount could allow clinics to help up to 50% more taxpayers than they currently represent.

As in the Maryland legislation, the State of California could create a special fund for the LITC grant funded multiples ways to ensure viability of the program. The fund could be funded in part by the state's unclaimed property fund. In 2023, controller Malia M. Cohen announced that the

California State Controller's Office was in possession of over $11 billion in unclaimed property.[38] Some of these funds could be earmarked to fund the grant for California LITCs. California could also aim to create a tax preparer regulatory scheme similar to Maryland, and earmark any penalties collected under these regulations for the LITC fund.

3. Challenges to the proposal

The biggest limitation on this proposal is the cost in grant funds California has significantly more LITCs than Maryland and Massachusetts, which would result in a higher cost to the state to fund the program. In 2024, Maryland had only three LITCs, Massachusetts four, while California had 15. However, when you look at the number of clinics compared to the population of each state, California still has a comparable number of LITCs, when adjusted for the much larger population of California.[39] Furthermore, there would be cost savings due to the program freeing up state resources that are currently expended on unrepresented taxpayers.

VI. CONCLUSION

In conclusion, providing a grant program to California-based LITCs to assist taxpayers with state tax controversies will have significant benefits for Californians by increasing access to representation to assist with their state tax controversies. The grant program could help narrow the justice gap and support our most vulnerable Californians, while also reducing the burden on state resources related to unrepresented California taxpayers.

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[38] Press Release, Controller Cohen Announces New Partnership to Help Reunite Californians with Unclaimed Property (February 28, 2023), *available at* https://sco.ca.gov/eo_pressrel_24616.html.

[39] As of July 2023, California had a population of around 39 million (1 LITC per 2.6 million), Maryland 6.2 million (1 LITC per 2.07 million) and Massachusetts 7 million (1 LITC per 1.75 million). UNITED STATES CENSUS BUREAU, ANNUAL ESTIMATES OF THE RESIDENT POPULATION FOR THE UNITED STATES, REGIONS, STATES, DISTRICT OF COLUMBIA, AND PUERTO RICO: APRIL 1, 2020 TO JULY 1, 2023, *available at* *https://www2.census.gov/programs-surveys/popest/tables/2020-2023/state/totals/NST-EST2023-POP.xlsx* (page last revised June 25, 2024).