

SUMMARY ANALYSIS OF AMENDED BILL

Author: De Leon Analyst: Brian Werking Bill Number: SB 284
 Related Bills: See Prior Analysis Telephone: 845-5103 Amended Date: April 17, 2013
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: College Access Tax Credit

SUMMARY

This bill would establish an income tax credit under Personal Income Tax Law and Corporation Income Tax Law for cash contributions made to the College Access Tax Credit Fund (FUND) with an aggregate credit cap of \$500 million per calendar year.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The April 17, 2013, amendments would do the following:

- Replace the Treasurer with the California Educational Facilities Authority as the certifying and allocating entity.
- Clarify the application of the credit percentage rules as it applies to taxpayer contributions.
- Allow any uncertified and unallocated credit amounts to be certified and allocated in the following calendar year.
- Remove specified notice requirements for the certifying and allocating entity.
- Make technical changes to provide that the corporation income tax credit operate for the same taxable years as the personal income tax credit.
- Specify that this bill would only become operative if SB 285 is also enacted.

As a result of the amendments, the implementation, technical, and policy concerns discussed in the department’s analysis of the bill as introduced February 14, 2013, have been resolved. Except for the “This Bill” and the “Implementation Considerations” the department’s analysis of the bill as introduced February 14, 2013, still applies. The “Effective/Operative Date,” and “Economic Impact,” discussions remain unchanged and have been repeated for convenience.

Board Position:	Legislative Director	Date
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EFFECTIVE/OPERATIVE DATE

As a tax levy, this bill would be effective immediately upon enactment and specifically operative for taxable years beginning on or after January 1, 2014, and before January 1, 2017.

ANALYSIS

THIS BILL

This bill would allow taxpayers, upon receipt of certification from the California Educational Facilities Authority to receive a tax credit for a specified percentage of cash contributions made to the FUND. Unused credits could be carried forward to the subsequent six years. The maximum aggregate amount of credit that could be allocated and certified by the California Educational Facilities Authority for any calendar year would be \$500 million. Any amount of the tax credit allocated and certified in the 2014 or 2015 calendar years that is less than the \$500 million annual cap, could be allocated and certified in the following calendar year.

The specified percentage used to calculate the credit would be:

- 60 percent of the amount contributed that is certified and allocated for the 2014 taxable year
- 55 percent of the amount contributed that is certified and allocated for the 2015 taxable year
- 50 percent of the amount contributed that is certified and allocated for the 2016 taxable year

The California Educational Facilities Authority would be required to do all of the following:

- Allocate and certify the income or franchise tax credit to taxpayers during the period that begins on January 1, 2014, and ends on December 31, 2016.
- Establish a procedure for taxpayers to contribute to the FUND and obtain certification for the credit.
- Provide to the Franchise Tax Board (FTB) a copy of each credit certificate issued by March 1 of the calendar year immediately following the year of issue.

The bill would preclude any deductions for amounts taken into account in the calculation of the credit.

The credit would be repealed by its own terms as of December 1, 2017.

Amounts contributed to the FUND would, upon appropriation by the Legislature, be allocated to the Student Aid Commission for the purpose of awarding Cal Grants and to reimburse all administrative costs incurred in connection with this credit by the Student Aid Commission and the California Educational Facilities Authority.

This bill would become operative only if SB 285 is enacted and takes effect on or before January 1, 2014.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would occur during the department's normal annual update.

ECONOMIC IMPACT

Revenue Estimate

Estimated Revenue Impact of SB 284 As Amended on April 17, 2013 For Taxable Years Beginning On Or After January 1, 2014 Assumed Enactment After June 30, 2013 (\$ in Millions)		
2013-14	2014-15	2015-16
- \$190	- \$360	- \$330

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

LEGISLATIVE STAFF CONTACT

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