

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 30, 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 30, 2013, amendments would do the following:

- Provide reimbursement to the General Fund for the aggregate amount of the credit allowed.
- Provide reimbursement to the Franchise Tax Board (FTB) and the State Controller.
- Require the California Education Facilities Authority (the Authority) to certify the contribution amount eligible for the credit within 45 days following receipt of the contribution.
- Remove language identifying the bill as a tax levy.

As a result of the amendments, the “Effective/Operative Date,” “This Bill,” and “Economic Impact” sections of the department’s analysis of the bill as amended April 17, 2013, have been revised. For convenience the “Implementation Considerations” section from the department’s previous analysis have been restated below. The remainder of the department’s analysis of the bill as amended April 17, 2013, still applies.

EFFECTIVE/OPERATIVE DATE

This bill would be effective January 1, 2014, and specifically operative for taxable years beginning on or after January 1, 2014, and before January 1, 2017.

Board Position:	Legislative Director	Date
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	Gail Hall	5/28/13

ANALYSIS

THIS BILL

This bill would create the FUND as a special fund in the state treasury. Taxpayers, upon receipt of certification from the Authority, would be allowed 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 Authority for any calendar year would be \$500 million. Any amount of the tax credit unallocated and not certified in the 2014 or 2015 calendar years that is less than the \$500 million annual cap, would increase the amount that 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 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.
- Certify the contribution amounts eligible for the credit within 45 days following receipt of the contribution.
- Provide to the 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 first be allocated to reimburse the General Fund for the aggregate amount of the credit allowed, then, upon appropriation by the Legislature, be allocated to the FTB, the Authority, the State Controller, and the Student Aid Commission to reimburse all administrative costs incurred in connection with this credit and to the Student Aid Commission for the purpose of awarding Cal Grants.

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 30, 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.

*The table above shows the impact on income and corporation tax collections. This bill would require funds to be transferred from the Fund to the General Fund so that the net impact of College Access Tax Credits on the General Fund would be zero.

LEGISLATIVE STAFF CONTACT

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