



The implementation considerations are restated as follows and a new revenue estimate is provided.

***LENDING QUALIFIED EMPLOYEE TO TEACH MATH AND SCIENCE***

The April 13, 1998, amendment:

- ◆ allows the lending of a qualified employee to a "vocational institution" to qualify for purposes of this credit.
- ◆ redefines "public school" to mean "community colleges" and not high schools.
- ◆ adds a verification process denying a credit unless the "teaching" is verified to the taxpayer by the public school or vocational institution receiving the "teaching services."
- ◆ limits the credit to "certified" teaching and defines "certified" as the issuance to the taxpayer of a service record by the public school or vocational institution verifying receipt of the teaching services including the employee's name, dates of teaching service, number of teaching hours, and a verification signature from an authorized agent or designee of the public school or vocational institution.

**Implementation Considerations**

- ◆ For this bill to carry out the sponsor's intent that employees "teach" community college and vocational institution students, not just serve as guest speakers, and for the department to effectively implement this credit, definitions are needed for: "teaching," "lending," "preparation time," "employment speciality," "math and science," and "teaching services."
- ◆ It is unclear if a "vocational institution" would include high schools, private schools, or adult educational institutions. A definition is needed for "vocational institution" for the department to process this credit.
- ◆ Further definition is needed for "qualified expenses" and "qualified employee" (i.e., would the employee also need to be a credentialed teacher).
- ◆ The department would have difficulty verifying preparation time.

**Technical Considerations**

The school must certify certain items for the credit to be allowed. Further language should be added to this provision to require the taxpayer to provide a copy of the certification to the department upon request.

***PUBLIC SCHOOL TEACHER TO ATTEND EMPLOYER-SPONSORED EDUCATION CLASS BY USING AN OPEN ENROLLMENT SPACE***

The April 13, 1998, amendment made no changes to this credit.

**Tax Revenue Estimate**

Based on data and assumptions discussed below, revenue losses from this proposal are estimated to be as follows:

Estimated Revenue Impact of AB 1713 As Amended April 13, 1998 Taxable/Income Years After 12/31/98 Through 1/1/2004			
Fiscal Years	1998/99	1999/2000	2000/01
T O T A L S	(minor)	(minor)	(0.5)

Note: Minor means less than \$150,000;

Any possible changes in employment, personal income, or gross state product that might result from this measure are not taken into account.

**Tax Revenue Discussion**

A) Loaned Employee Credit:

Revenue losses would depend on the number of employees loaned to California community colleges or vocational institutions for teaching math or sciences, the amount of total expenses incurred by employers, and their respective income tax liabilities. This estimate was based on available information pertaining to math and science teachers in California community colleges.

- According to an estimate from Community Colleges Chancellor's Office, public community colleges employed about 4,000 math and sciences teachers for the 1996/97 school year and approximately 10% additional teachers are needed for these classes (i.e., 400 teachers in full-time equivalent).
- It was assumed that loaned employees under this bill would constitute approximately 1.5% of the classroom hours corresponding to this school demand (9,000 hours), and that community college districts would allow these individuals to assist credentialed teachers in short-term class instruction.
- Since there is no definition for "vocational institutions," it is assumed that the number and hours of loaned employees for all California "vocational institutions" would be equivalent to community college levels.
- Total qualified employer expenses for these employees are projected to be nearly \$1 million (based on average yearly salary of \$50,000 and \$15,000 of additional employer expenses, such as fringe benefits, payroll taxes and other costs).

- At a 50% tax credit, the order of magnitude would be minor losses (less than \$150,000) in the first year increasing to \$500,000 by 2000/01.

*B) Employer-Sponsored Classes Credit*

Revenue losses would depend on the spaces available in employer-sponsored educational classes filled by California public school teachers (high school and community college level) during a school year, the employers' expenses, and their respective income tax liabilities.

This estimate was based on assumptions regarding overall participation rates for full-time and part-time teachers in California public high schools (grades 9-12) and community colleges. In addition, qualified "classes" are understood to be regular classroom settings during working hours - not special banquets, conferences, and the like.

It was assumed that 1% of all teachers (over 2,800) would be able to use open spaces in employer-sponsored classes during a school year for an average expense per attendee of \$150.

Revenue losses from a 50% credit are projected to be insignificant (less than \$100,000) in the first fiscal year (shorter period) and minor (less than \$500,000) in the following years.

The deduction offset was considered for both credit estimates.