



STATE OF CALIFORNIA
Franchise Tax Board

College Access Tax Credit Report

Economic and Statistical Research Bureau

Purpose

This report is intended to fulfill the Franchise Tax Board's (FTB) obligation under Assembly Bill 2880 (Chapter 976, Statutes of 2022), which amended Revenue & Taxation Code (RTC) sections 12207, 17053.87, and 23687, and included language requiring the FTB to annually report to the Legislature, the number of taxpayers allowed tax credits, and the total dollar value of tax credits allowed.

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

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Background

- Chapter 367 of the Statutes of 2014 (Senate Bill – SB 798) created the College Access Tax Credit program, which allowed a credit under the Personal Income Tax (PIT) and Corporation Tax (CORP) laws, based on a percentage of a taxpayer's contribution to the established College Access Tax Credit Fund (Fund) directed by the California Educational Facilities Authority (CEFA). The credit was operative for taxable years beginning on or after January 1, 2014, and before January 1, 2017.
- Chapter 22 of the Statutes of 2015 (SB 81) officially authorized the College Access Tax Credit to be claimed under RTC sections 12207, 17053.87, and 23687 for tax years 2014 through 2017, based on a percentage of the taxpayer's contribution to the Fund.
- Chapter 527 of the Statutes of 2017 (AB 490) extended the credit's operative date through 2023.
- Chapter 976 of the Statutes of 2022 (AB 2880) extended the credit's operative date through 2027 and established a requirement for the FTB to annually report credit data as specified in the statute beginning in calendar year 2025.

The College Access Tax Credit is available to individual and business entities that contribute to the College Access Tax Credit Fund, which provides additional funding for college students and is managed by the CEFA. CEFA allocates and certifies the credits to distribute to taxpayers on a first come first serve basis. The credit amount is based on a percentage of the taxpayer's contribution to the Fund. The credit amount was computed at 60 percent of contributions in 2014, 55 percent in 2025, and 50 percent for each year from 2016 through 2027. Taxpayers may elect to claim their credits against their income tax or insurance tax.

Franchise Tax Board Statutory Reporting Requirements

Under Chapter 976 of the Statutes of 2022, the FTB is required to provide an annual report to the Legislature on the following:

- The number of taxpayers allowed tax credits pursuant to RTC sections 12207, 17053.87, and 23687; and
- The total dollar value of tax credits allowed pursuant to RTC sections 12207, 17053.87, and 23687.

Data

Table 1 presents data on College Access Tax Credits allowed on tax returns for tax year 2023 by election type. During this period, nearly \$2 million credits were allowed on 447 tax returns. All credits were claimed against income tax, with none claimed against insurance tax.

Table 1: Tax Year 2023* College Access Tax Credits Allowed

| Election Type | Number of Returns | Total Credits Allowed |
|------------------------|--------------------------|------------------------------|
| Income Tax | 447 | \$1,968,738 |
| Insurance Tax** | 0 | \$0 |
| Total | 447 | \$1,968,738 |

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

** Data provided by the California Department of Insurance (CDI).