

## **College Access Tax Credit Overview**

Senate Bill 798 ("SB 798" or the "bill"), codified under Revenue and Taxation Code sections 17053.86 and 23686, was signed into law by the Governor on September 16, 2014 and became effective immediately as an urgency statute. The bill authorizes a College Access Tax Credit ("tax credit") for taxable years beginning on or after January 1, 2014, and before January 1, 2017, based on a percentage of the taxpayer's contribution to the College Access Tax Credit Fund (the "Fund"). CEFA is required to allocate and certify the tax credit, among other duties.

- The maximum aggregate amount of tax credits that can be allocated and certified by CEFA each calendar year (2014, 2015, and 2016) is \$500 million in addition to the amount of any unallocated and uncertified tax credits in the previous calendar year.
- Applications for the tax credit will be processed on a first come, first served basis.

### **The tax credit is based on the following percentages:**

- 60% of the amount contributed by the taxpayer to the Fund for the 2014 taxable year.
- 55% of the amount contributed by the taxpayer to the Fund for the 2015 taxable year.
- 50% of the amount contributed by the taxpayer to the Fund for the 2016 taxable year.

### **CEFA's responsibilities under SB 798:**

- Allocate and certify tax credits to taxpayers for taxable years 2014, 2015, and 2016.
- Establish a procedure for taxpayers to contribute to the Fund and obtain a certification for the tax credit.
- Provide to the Franchise Tax Board a copy of the certifications by March 1.
- Adopt necessary regulations.