

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
(“CEFA” or the “Authority”)

College Access Tax Credit Fund

Taxable Year (“TY”) 2017 & 2018– Update

August 29, 2019

Background:

The College Access Tax Credit Fund (“CATCF” or the “Fund”) was enacted with the passing of Senate Bill 798 in 2014 and amended by Senate Bill 81 in 2015. CATCF allowed individuals, insurance companies, and businesses to claim a tax credit equal to a certain percentage of cash contributions made to the Fund in TY 2014-2017. The tax credit was based on an annual sliding scale, from 60% in TY 2014 to 50% in TY 2017, and the maximum aggregate of tax credits allowable was \$500 million each year, in addition to the amount of unallocated and uncertified tax credits from the previous TY. CEFA administers the Fund and is responsible for allocating and certifying the tax credits for individuals, insurance companies, and businesses, and providing copies of the certifications to the Franchise Tax Board and the Department of Insurance.

Under the original legislation, the CATCF was set to expire after TY 2017. Assembly Bill 490, passed in 2017, extended the Fund through TY 2022. All of CEFA’s responsibilities remain unchanged, and CEFA continues to allocate and certify tax credits equal to 50% of the amount contributed by the taxpayer to the Fund; however, the maximum aggregate of tax credits the Authority can allocate and certify cannot exceed a total cumulative amount of \$500 million for TYs 2017 – 2022 combined.

The Fund is designed to support the moneys currently available to provide Cal Grants to low-income college students. A portion of the contributions made to the Fund go to the California Student Aid Commission, which administers the State’s Cal Grant Program. Cal Grants are for students pursuing an undergraduate degree or vocational career training at a qualifying California college.

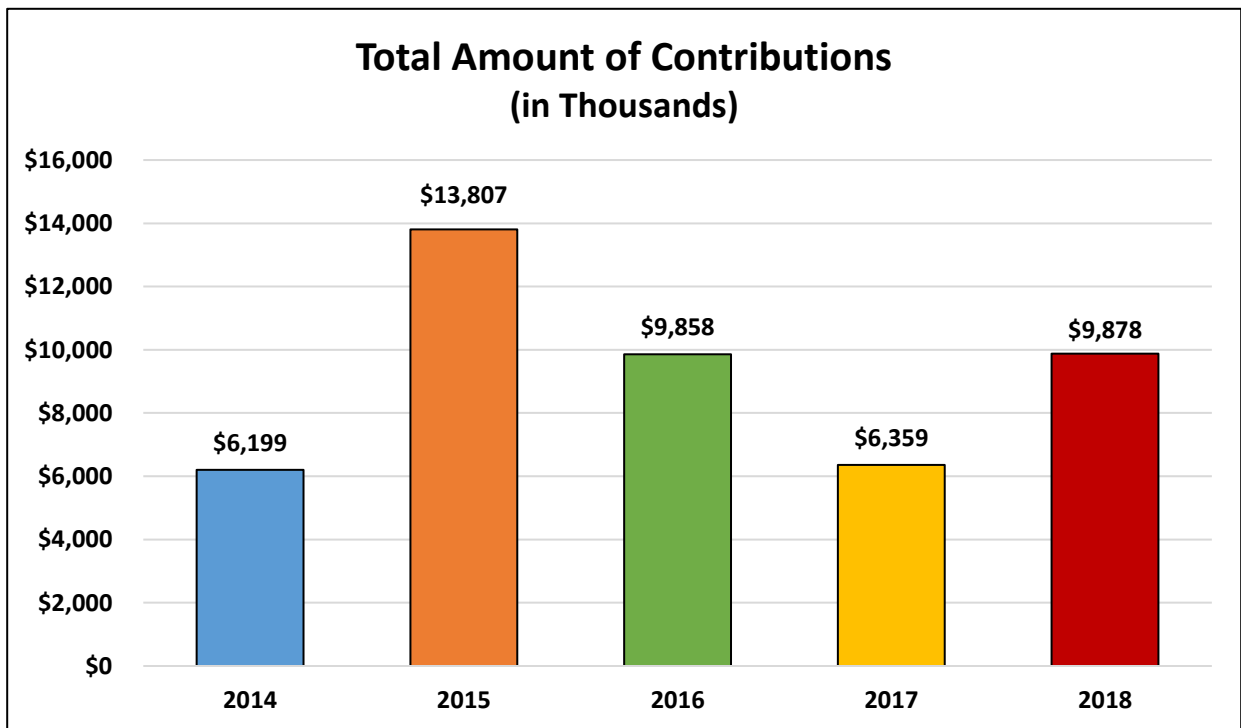
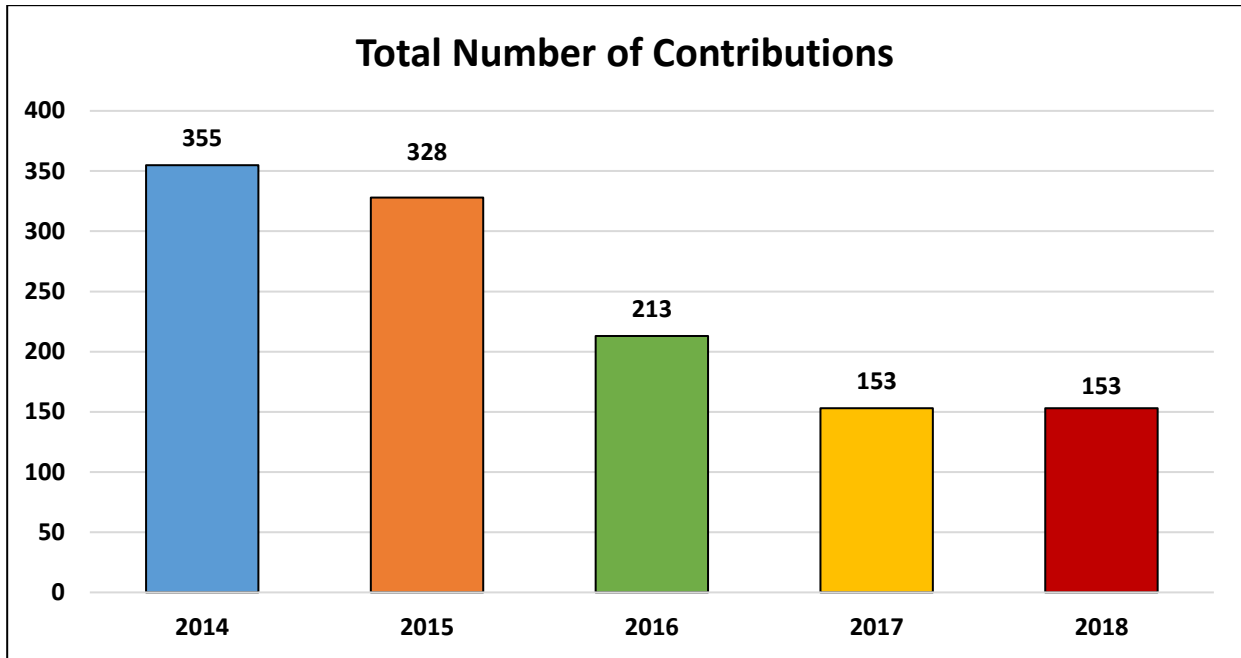
Contributions to the Fund

For TY 2017, CEFA allocated and certified just over \$3.2 million in tax credits for 153 taxpayers. For TY 2018, nearly \$5 million in tax credits were allocated and certified to 153 taxpayers. The table below reflects data from each respective year to summarize contributions for TY 2017 and TY 2018.

	<u>2017</u>	<u>2018</u>
Total Number of Contributions	153	153
Total Amount of Contributions	\$6,359,210	\$9,878,170
Tax Credits Allocated and Certified	\$3,206,604	\$4,977,085
Largest Contribution	\$3,510,000	\$8,100,000
Smallest Contribution	\$30	\$250
Average Contribution	\$41,563	\$64,563
Median Contribution	\$5,000	\$6,000

Annual Trends

The total number of contributions to the Fund has steadily decreased over the years from 355 in TY 2014 to 153 in TY 2018. In TY 2018, the total dollar amount contributed was the second highest it has ever been at approximately \$9.9 million, with only TY 2015 recording a higher amount.



Current Year

CEFA has been accepting applications for the current TY since March 1, 2019, and will continue until January 2, 2020. For TY 2019, CEFA will be able to allocate and certify a maximum of \$495,022,915 in tax credits.

As of July 1, 2019, the Fund has received \$150,925 from 18 contributors and CEFA allocated and certified \$75,463 in tax credits.

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