

**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
(CEFA or the Authority)**

College Access Tax Credit Fund

Taxable Year (TY) 2019 – Update

December 3, 2020

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 (FTB) 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 (CSAC), 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 2019, CEFA allocated and certified just under \$808,000 in tax credits across 100 taxpayers. The table below reflects data from TY 2019 to summarize contributions data for the year.

	<u>2019</u>
Total Number of Contributions	100
Total Amount of Contributions	\$807,875
Tax Credits Allocated and Certified	\$404,771
Largest Contribution	\$75,000
Smallest Contribution	\$125
Average Contribution	\$8,079
Median Contribution	\$5,500

Annual Trends & Program Marketing

The total number of contributions to the Fund has steadily decreased over the years from 355 in TY 2014 to 100 in TY 2019. In TY 2019, the total dollar amount contributed was the lowest it has ever been. It is presumed that the passing of the Tax Cuts and Jobs Act (TCJA) in December 2017 is partially responsible for the reduction of contributions from 2018 to 2019. The TCJA made several significant changes to individual income taxes, such as a larger standard deduction and new limitations on itemized deductions. CEFA and CSAC have engaged in several marketing efforts in an attempt to increase the number of contributions, including promotional efforts on social media, collaborations with FTB, and sending an informational flyer to various tax associations across the state.

