

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

College Access Tax Credit Fund

2015 Taxable Year – Update

February 25, 2016

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 (collectively, the “Act”). CATCF allows individuals and businesses to claim a tax credit equal to a certain percentage of cash contributions made to the Fund in the 2014-2017 tax years. The Fund is designed to support the moneys currently available to provide Cal Grants to low-income college students. CEFA administers the program and is responsible for allocating and certifying the tax credits for individuals and businesses and providing a copy of the certifications to the Franchise Tax Board in each year as well as the Department of Insurance in the 2017 taxable year. At the October 30, 2014 meeting, the Authority approved Resolution No. 2014-02 to adopt the College Access Tax Credit Allocation and Certification Regulations, which established procedures and forms necessary for CEFA to perform the duties set forth in the Act.

Update

CEFA allocated and certified nearly \$3.8 million in tax credits (60% of contributions) for the 2014 taxable year. The maximum aggregate amount of tax credits that can be allocated and certified each calendar year is \$500 million in addition to the amount of any unallocated and uncertified tax credits in the previous year. As such, the 2015 taxable year began with approximately \$996 million in available credits. The taxpayers will receive a 55% tax credit of the amount of their contribution to the Fund for the 2015 taxable year.

CEFA accepted tax credit applications for the 2015 taxable year from July 1, 2015 to January 4, 2016. The 2015 taxable year ended with 328 taxpayers certified for approximately \$8.2 million in tax credits (\$13.8 million in contributions to the Fund).

	Reservations	Contributions	Tax Credits
2014			
PROPOSED	453	\$7,661,149	\$4,654,509
ACTUAL	355	\$6,199,289	\$3,751,393
2015			
PROPOSED	400	\$15,180,620	\$8,999,172
ACTUAL	328	\$13,806,740	\$8,231,253

For the 2014 taxable year, taxpayers were limited to submitting their contribution via bank wire, business check, or cashier’s check/money order. In December 2015, CEFA was able to begin accepting online contribution payments via an automatic clearing house (ACH) portal on the CEFA website. The ACH Online Payment was made available in response to taxpayer’s requests for an online payment option. CEFA contracted with Bank of America, N.A., which is one of the State’s depository banks, to provide the payment portal and corresponding banking services. The table below reflects the payment choices of taxpayers:

	Bank Wire	Check/Money Order	ACH Online
2014			
# of taxpayers	179	176	n/a
\$	\$4,281,801	\$1,917,488	n/a
2015			
# of taxpayers	60	114	154
\$	\$4,007,531	\$1,566,100	\$8,233,109

In preparation for the upcoming 2016 taxable year, CEFA staff is reviewing its processes and forms for the purposes of streamlining and efficiency. CEFA will also collaborate with the California Student Aid Commission to continue to explore marketing avenues. The CATCF will have nearly \$1.5 billion in available credits for the upcoming taxable year. The application period for the 2016 taxable year period is scheduled to begin on March 2, 2016 and end on January 3, 2017.