

Introduced by Senator De León

February 14, 2013

An act to add and repeal Sections 17053.86 and 23686 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 284, as introduced, De León. Income taxes: credits: contributions to education funds.

The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws.

This bill, under both laws, for taxable years beginning on or after January 1, 2014, and before January 1, 2017, would allow a credit equal to a certain percentage of a contribution to the College Access Tax Credit Fund, established by this bill, for specified education purposes, as provided. This bill would specify that the aggregate amount of credit that may be allocated under both laws shall not exceed \$500,000,000 for each calendar year, and would require the Treasurer to perform certain duties with regard to allocating and certifying the tax credits allowed under these provisions.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17053.86 is added to the Revenue and
- 2 Taxation Code, to read:

1 17053.86. (a) (1) For taxable years beginning on or after
2 January 1, 2014, and before January 1, 2017, there shall be allowed
3 a credit against the “net tax,” as defined in Section 17039, an
4 amount equal to the following:

5 (A) For each taxable year beginning on and after January 1,
6 2014, and before January 1, 2015, 60 percent of the amount
7 contributed by the taxpayer 2014 taxable year to the College Access
8 Tax Credit Fund, as allocated and certified by the Treasurer.

9 (B) For each taxable year beginning on and after January 1,
10 2015, and before January 1, 2016, 55 percent of the amount
11 contributed by the taxpayer 2015 taxable year to the College Access
12 Tax Credit Fund, as allocated and certified by the Treasurer.

13 (C) For each taxable year beginning on and after January 1,
14 2016, and before January 1, 2017, 50 percent of the amount
15 contributed by the taxpayer 2016 taxable year to the College Access
16 Tax Credit Fund, as allocated and certified by the Treasurer.

17 (2) Contributions shall be made only in cash.

18 (b) (1) The aggregate amount of credit that may be allocated
19 and certified pursuant to this section and Section 23686 shall not
20 exceed five hundred million dollars (\$500,000,000) for the 2014
21 calendar year and five hundred million dollars (\$500,000,000) for
22 each calendar year thereafter.

23 (2) (A) For purposes of this section, the Treasurer shall do all
24 of the following:

25 (i) On or after January 1, 2014, and before January 1, 2017,
26 allocate and certify tax credits to taxpayers under this section.

27 (ii) Establish a procedure for taxpayers to contribute to the
28 College Access Tax Credit Fund and to obtain from the Treasurer
29 a certification for the credit allowed by this section.

30 (iii) On or after January 1, 2014, and before January 1, 2016,
31 notify the taxpayer within seven days of receipt of a contribution
32 of the contribution amount that is eligible for a credit. If the
33 allocation and certification would be limited or denied because
34 the five hundred million dollar (\$500,000,000) cap set forth in
35 paragraph (1) of subdivision (b) has been reached, the Treasurer
36 shall offer the taxpayer a choice between either the return of the
37 contribution or the receipt of the certification for the next taxable
38 year.

39 (iv) On or after January 1, 2016, and before January 1, 2017,
40 notify the taxpayer within seven days of receipt of a contribution,

1 the contribution amount that is eligible for a credit. If the allocation
2 and certification would be limited or denied because the five
3 hundred million dollar (\$500,000,000) cap set forth in paragraph
4 (1) of subdivision (b) has been reached, the Treasurer shall offer
5 the taxpayer the option of a return of all of the contribution or the
6 portion of the contribution that would be limited, as applicable.

7 (v) Provide to the Franchise Tax Board a copy of each credit
8 certificate issued for the calendar year by March 1 of the calendar
9 year immediately following the year in which those certificates
10 are issued.

11 (c) (1) In the case where the credit allowed by this section
12 exceeds the “net tax,” the excess may be carried over to reduce
13 the “net tax” in the following year, and succeeding five years if
14 necessary, until the credit is exhausted.

15 (2) A deduction shall not be allowed under this part for amounts
16 taken into account under this section in calculating the credit
17 allowed by this section.

18 (d) (1) The College Access Tax Credit Fund is hereby created
19 as a special fund in the State Treasury. All revenue in this special
20 fund, upon appropriation by the Legislature, shall be allocated to
21 the Student Aid Commission for purposes of awarding Cal Grants
22 to students pursuant to Section 69432.75 of the Education Code.

23 (2) The tax credit allowed by subdivision (a) of this section and
24 subdivision (a) of Section 23686 for donations to the College
25 Access Tax Credit Fund shall be known as the College Access
26 Tax Credit.

27 (e) This section shall remain in effect only until December 1,
28 2017, and as of that date is repealed.

29 SEC. 2. Section 23686 is added to the Revenue and Taxation
30 Code, to read:

31 23686. (a) (1) For each taxable year beginning on or after
32 January 1, 2014, and before January 1, 2017, there shall be allowed
33 a credit against the “tax,” as defined in Section 23036, an amount
34 equal to the following:

35 (A) For taxable years on and after January 1, 2014, and before
36 January 1, 2015, 60 percent of the amount contributed by the
37 taxpayer during the 2013 taxable year to the College Access Tax
38 Credit Fund, as allocated and certified by the Treasurer.

39 (B) For taxable years on and after January 1, 2015, and before
40 January 1, 2016, 55 percent of the amount contributed by the

1 taxpayer during the 2014 taxable year to the College Access Tax
2 Credit Fund, as allocated and certified by the Treasurer.

3 (C) For taxable years on and after January 1, 2016, and before
4 January 1, 2017, 50 percent of the amount contributed by the
5 taxpayer during the 2015 taxable year to the College Access Tax
6 Credit Fund, as allocated and certified by the Treasurer.

7 (2) Contributions shall be made only in cash.

8 (b) (1) The aggregate amount of credit that may be allocated
9 and certified pursuant to this section and Section 17053.86 shall
10 not exceed five hundred million dollars (\$500,000,000) for the
11 2014 calendar year and five hundred million dollars (\$500,000,000)
12 for each calendar year thereafter.

13 (2) (A) For purposes of this section, the Treasurer shall do all
14 of the following:

15 (i) On or after January 1, 2014, and before January 1, 2015,
16 allocate and certify tax credits to taxpayers under this section.

17 (ii) Establish a procedure for taxpayers to contribute to the
18 College Access Tax Credit Fund and to obtain from the Treasurer
19 a certification for the credit allowed by this section.

20 (iii) On or after January 1, 2015, and before January 1, 2016,
21 notify the taxpayer within seven days of receipt of a contribution
22 of the contribution amount that is eligible for a credit. If the
23 allocation and certification would be limited or denied because
24 the five hundred million dollar (\$500,000,000) cap set forth in
25 paragraph (1) of subdivision (b) has been reached, the Treasurer
26 shall offer the taxpayer a choice between either the return of the
27 contribution or the receipt of the certification for the next taxable
28 year.

29 (iv) On or after January 1, 2016, and before January 1, 2017,
30 notify the taxpayer within seven days of receipt of a contribution,
31 the contribution amount that is eligible for a credit. If the allocation
32 and certification would be limited or denied because the five
33 hundred million dollar (\$500,000,000) cap set forth in paragraph
34 (1) of subdivision (b) has been reached, the Treasurer shall offer
35 the taxpayer the option of a return of all of the contribution or the
36 portion of the contribution that would be limited, as applicable.

37 (v) Provide to the Franchise Tax Board a copy of each credit
38 certificate issued for the calendar year by March 1 of the calendar
39 year immediately following the year in which those certificates
40 are issued.

1 (c) (1) In the case where the credit allowed by this section
2 exceeds the “tax,” the excess may be carried over to reduce the
3 “tax” in the following year, and succeeding five years if necessary,
4 until the credit is exhausted.

5 (2) A deduction shall not be allowed under this part for amounts
6 taken into account under this section in calculating the credit
7 allowed by this section.

8 (d) This section shall remain in effect only until December 1,
9 2017, and as of that date is repealed.

10 SEC. 3. This act provides for a tax levy within the meaning of
11 Article IV of the Constitution and shall go into immediate effect.

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