

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: SB 1325

House of Origin ___ Introduced ___ Substitute ___ Engrossed
Second House X In Committee ___ Substitute ___ Enrolled

2. Patron: Stosch, Walter A.

3. Committee: Finance

4. Title: Neighborhood Assistance Act Tax Credit; changes administration of and eligibility for an allocation

5. Summary: Changes the administration of the Neighborhood Assistance Act Tax Credit and the eligibility for an allocation of tax credits. The bill would provide that nonprofit organizations that serve individuals with family annual income not in excess of 180 percent of the federal poverty guidelines for educational programs and 150 percent of the federal poverty guidelines for all other programs would be eligible for an allocation of neighborhood assistance tax credits. The bill would provide that programs that offer counseling or supportive services to students or their parents in developing a postsecondary academic or vocational education plan or scholarships would be eligible for tax credits. The bill would establish a \$0.5 million annual limit in tax credits for each neighborhood organization or a grouping of neighborhood organization affiliates.

The bill would require the Department of Education to allocate up to \$4.9 million in tax credits each year for education proposals and for the Department of Social Services to allocate up to \$7.0 million in tax credits for all other proposals.

The bill requires the Department of Education to develop guidelines for educational proposals and appropriates \$100,000 to the department to support an administrative position. The bill also extends the sunset date of the Neighborhood Assistance Act program from July 1, 2009, to July 1, 2011.

6. Fiscal impact estimates are preliminary.

6.a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars*</i>	<i>Positions</i>	<i>Fund</i>
2009	-	-	-
2010	\$100,000	1.0	General Fund
2011	\$100,000	1.0	General Fund
2012	\$100,000	1.0	General Fund
2013	\$100,000	1.0	General Fund
2014	\$100,000	1.0	General Fund
2015	\$100,000	1.0	General Fund

*The bill contains an enactment clause requiring the General Assembly to appropriate and the Director of the Department of Planning and Budget to allot \$100,000 to the Department of Education to support a full-time position that would administer the additional tax credits.

6.b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars**</i>	<i>Positions</i>	<i>Fund</i>
2009	-	-	-
2010	\$100,000	-	General Fund
2011	\$100,000	-	General Fund
2012	\$100,000	-	General Fund
2013	\$100,000	-	General Fund
2014	\$100,000	-	General Fund
2015	\$100,000	-	General Fund

**The revenue impact reflects the potential savings associated with the bill's provision to lower the overall amount of tax credits available from \$12.0 million to \$11.9 million. This savings assumes that all available tax credits are granted.

- 7. Budget Amendment Necessary:** Yes. The current 2008-2010 biennium budget increased the annual cap for Neighborhood Assistance Act credits from \$8.0 million to \$12.0 million. The budget allocates \$1.0 million of the increase to education programs, and the remaining \$3.0 million to providing grants to private schools for students with disabilities.

This bill, however, would lower the overall credit cap and reallocate this money. According to this bill, the current cap of \$12.0 million would be lowered to \$11.9 million; \$7.0 million of this amount would be used for other qualified Neighborhood Assistance Act programs and \$4.9 million would be allocated to tax credits for approved education programs. In addition, the bill stipulates that any educational balances would be allocated to other qualified programs.

Existing budget language regarding the allocation of Neighborhood Assistance Act credits would conflict with language in this legislation.

In addition, the \$100,000 general fund and associated position appropriated to the Department of Education for administration via this bill should be included in the Appropriation Act.

8. Fiscal Implications:Revenue Impact

Under the provisions of the budget for the 2008-2010 biennium, the Neighborhood Assistance Act Tax Credit is capped at \$12.0 million. According to the Department of Social Services, this amount has consistently been allocated in its entirety. As this bill would lower the cap to \$11.9 million, there would be a revenue impact of \$100,000.

Department of Education

This legislation would require the Department of Education to administer tax credit for education programs (\$4.9 million). The department maintains that this legislation would add a significant number of administrative tasks to ensure that the credits are properly allocated to eligible recipients. The department estimates that, given the parameters of the new activities, the implementation of this bill would require an additional position at a cost of \$109,595 (salary, benefits and support costs) per year and an additional position. The bill contains an enactment clause to provide the department \$100,000 to offset these costs.

Department of Taxation

TAX has not assigned any administrative costs to this bill because the changes required by a single bill such as this can be implemented as part of the annual changes to our systems and forms. As stand-alone legislation, TAX considers implementation of this bill as “routine,” and does not require additional funding.

TAX will provide specific administrative costs on any legislation that is not “routine.” Additionally, TAX will review all state tax legislation likely to be enacted prior to the passage by each house. If the aggregate number of routine bills likely to pass either house is unusually large, it is possible that additional resources will be required. If so, TAX will identify the costs at that time.

Department of Social Services

Under this legislation, the amount of available tax credits administered by the Department of Social Services would be reduced to \$7.0 million, but not eliminated. The department has an annual appropriation of \$37,462 for the administration of this program, which would be continued through 2011 if this bill is enacted.

9. Specific Agency or Political Subdivisions Affected:

Department of Education

Department of Taxation

Department of Social Services

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 2/18/2009

Document: G:\2009 Fiscal Year\EFIS\SB1325h1.Doc

cc: Secretary of Health and Human Resources