

Department of Planning and Budget

2017 Fiscal Impact Statement

1. Bill Number: HB1962

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Massie

3. Committee: Finance

4. Title: Education Improvement Scholarships tax credit.

5. Summary: Increases the Education Improvement Scholarships tax credit from 65 percent to 90 percent of the value of donations made to nonprofit scholarship foundations, beginning in Taxable Year 2018.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate. See Item 8.

8. Fiscal Implications: This bill would create an indeterminate general fund revenue impact beginning in FY 2019. The Department of Education (DOE) issued approximately \$6.0 million in credits for Taxable Year 2016 (preliminary as of 1/12/17), \$6.7 million in credits for Taxable Year 2015, and \$4.8 million in credits for Taxable Year 2014. If the credit amount is increased to 90 percent and donations remain at the same level as they were in Taxable Year 2015, the amount of such credits would be \$9.3 million, resulting in a \$2.6 million negative revenue impact. However, such impact may be greater to the extent that taxpayers increase their donation due to their ability to receive a larger credit. The amount of credits issued each year has continued to increase. Depending on the amount of credits actually issued for Taxable Year 2018 and thereafter, the actual impact could be greater. Such impact could not exceed the difference between the amount of credits that would have been issued under current law and the \$25.0 million cap.

An increase in donations resulting from the increased tax credit could result in additional students funded through this program, which could reduce the general fund state cost required to support students in average daily membership (ADM). Any dollar implications cannot be determined.

The Department of Taxation and Department of Education consider implementation of this bill as routine and can absorb any resulting costs.

9. Specific Agency or Political Subdivisions Affected: Department of Taxation, Department of Education.

10. Technical Amendment Necessary: No

11. Other Comments: This bill is identical to SB 1426.