

## Department of Planning and Budget 2018 Fiscal Impact Statement

1. **Bill Number:** SB553

**House of Origin**     Introduced     Substitute     Engrossed  
**Second House**     In Committee     Substitute     Enrolled

2. **Patron:**    Dunnavant

3. **Committee:** Finance

4. **Title:**    Education improvement scholarships tax credits; eligibility; payout penalty.

5. **Summary:** Expands the education improvement scholarships tax credits program by including as eligible scholarship recipients children who are eligible to enter pre-kindergarten. In addition, the bill reduces the penalty for failure to fully disburse all donations received from 200 percent of the difference between 90 percent of the value of the donations it received and the amount disbursed to 100 percent of the difference. Under current law, foundations must spend at least 90 percent of donations on scholarships in order to avoid the penalty.

6. **Budget Amendment Necessary:** No

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

8. **Fiscal Implications:** This bill could negatively impact general fund revenues. Any actual impact is indeterminate. Such impact would exist to the extent that scholarship foundations are able to solicit additional donations that would qualify for the Education Improvement Scholarships tax credit due to their ability to offer scholarships to eligible pre-kindergarten children. Additionally, such impact would reflect the reduction to any penalty amounts paid by scholarship foundations; however, actual penalties paid to-date by scholarship foundations are minimal.

As stand-alone legislation, the Department of Taxation and the Department of Education consider implementation of this bill as routine and can absorb any resulting costs. If the aggregate number of routine bills likely to pass either house is unusually large, it is possible that these agencies will require additional resources.

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

10. **Technical Amendment Necessary:** No

**11. Other Comments:** The total amount of Education Improvement Scholarships tax credits available in any given fiscal year is capped at \$25 million. The Department of Education issued \$9.7 million in tax credits for FY 2017, \$6.8 million in tax credits for FY 2016, \$3.7 million in tax credits for FY 2015, and \$1.5 million in tax credits for FY 2014.

#### Similar Bills

**House Bill 221** and **Senate Bill 869** would increase the aggregate amount of scholarships for students with a disability to 300 percent of the per pupil amount, and broaden the statutory definition of “eligible student with a disability.”

**House Bill 395** would expand the credit by amending the definition of student and increasing the aggregate scholarship amounts for eligible students with a disability or an autism spectrum disorder.

**Senate Bill 172, House Bill 1078** and **House Bill 1165** would expand the Education Improvement Scholarships Tax Credit to include the qualified educational expenses of eligible pre-kindergarten children. These bills are substantially similar, aside from certain technical and definitional differences.

**Senate Bill 579** would allocate 20 percent of any unissued credits in a fiscal year to increase the cap on the Neighborhood Assistance Act Tax Credit program during the next fiscal year.