

## Department of Planning and Budget 2016 Fiscal Impact Statement

1. **Bill Number:** HB1019

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

2. **Patron:** Massie

3. **Committee:** Finance

4. **Title:** Educational improvement scholarships tax credit program; pre-kindergarten eligibility.

5. **Summary:** Modifies the educational improvement scholarships tax credit program by including as eligible scholarship recipients children enrolled in or attending nonpublic pre-kindergarten programs. The maximum annual scholarship that a child enrolled in or attending a nonpublic pre-kindergarten program will receive is the lesser of the child's actual educational expenses or the state share of the grant per child under the Virginia Preschool Initiative for the locality in which the child resides.

6. **Budget Amendment Necessary:** No.

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

8. **Fiscal Implications:** This bill would have an unknown, but likely minimal, negative general fund revenue impact. Such impact would only exist to the extent that scholarship foundations are able to solicit additional donations that would qualify for the tax credit due to their ability to offer scholarships to eligible pre-kindergarten children.

The value of a pre-kindergarten scholarship would be the lesser of the actual qualified educational expenses of the child or the state share of the grant per child under the Virginia Preschool Initiative (VPI) for the locality in which the eligible pre-kindergarten child resides. If funded as the state share per child under VPI, the maximum annual scholarship that a child enrolled in or attending a nonpublic pre-kindergarten program could receive is \$4,979 based on Lee County's Local Composite Index of 0.1701 in FY17 and FY18.

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

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** For reference, the following table provides detail of the amount of Education Improvement Scholarships Tax Credits issued by DOE and the amount of tax

credits pre-authorized for fiscal years 2014 through 2016 under current statute, which does not include nonpublic pre-kindergarten scholarships.

<b>Fiscal Year</b>	<b>Credits Issued</b>	<b>Credits Preauthorized</b>
2014	\$1.5 million	\$1.7 million
2015	\$3.7 million	\$4.7 million
2016 (preliminary)	\$5.5 million	\$6.2 million
<b>Total</b>	<b>\$10.7 million</b>	<b>\$12.6 million</b>

#### Similar Bills

**House Bill 1017** would make several administrative changes to the Education Improvement Scholarships Tax Credit.

**House Bill 1018** would increase the tax credit for taxable years beginning on or after January 1, 2017 from 65 percent to 90 percent of the value of certain donations made to nonprofit scholarship foundations.

**Senate Bill 589** would extend from one year to three years the time during which a scholarship foundation must disburse donations it receives for which Education Improvement Scholarship Tax Credits were issued.