

## SECOND REVISION BASED ON UPDATED DATA

### Department of Planning and Budget 2017 Fiscal Impact Statement

**1. Bill Number:** HB1756

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

**2. Patron:** Davis

**3. Committee:** Finance

**4. Title:** Education improvement scholarships tax credit; eligibility requirements.

**5. Summary:** Broadens the definition of the term “student” so that more children would be eligible to receive tax-credit-derived scholarships under the Education Improvement Scholarship Tax Credit program. The bill increases the maximum annual scholarship amount from 100 percent of the per pupil amount distributed to the local school division as its share of standards of quality costs (i) for a student with a disability, to 400 percent of such amount and (ii) for a student who has an autism spectrum disorder, to \$26,000. The bill adds to the definition of "qualified educational expenses" expenditures made in connection to summer education.

**6. Budget Amendment Necessary:** No

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

**8. Fiscal Implications:** Under this proposal, scholarship foundations may be able to solicit additional donations that would qualify for the tax credit due to their ability to offer scholarships to more students and in larger amounts. Given the history to-date of this program, it is likely that enough additional tax credits will be generated to negatively impact the estimated general fund revenues for FY 2018. Such amount is indeterminate.

Any additional students funded through this program who currently are included in Average Daily Membership (ADM) could reduce the FY 2018 general fund state cost to support students in ADM under Direct Aid to Public Education. Any dollar implications cannot be determined. However, this bill eliminates the existing definition of a student, which would expand scholarship eligibility to children not currently included in ADM. By altering the definition of student to remove existing eligibility requirements, current private school or home school students who currently are not included in ADM could qualify as scholarship recipients. For such students, there would not be any reduction in the general fund state cost to support students in ADM under Direct Aid to Public Education.

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

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

**10. Technical Amendment Necessary:** No

**11. Other Comments:** The Department of Education issued \$5.5 million in tax credits for FY 2017 (as of January 12, 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. The total amount of tax credits available in any given fiscal year is capped at \$25 million.