

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: HB2351

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: Miyares

3. Committee: Finance

4. Title: Education Improvement Scholarships tax credits; benefits and eligibility requirements.

- 5. Summary:** Increases the scholarship amount available for an eligible student with a disability from 100 percent to 300 percent of the per pupil amount distributed to the local school division as the state's share of the standards of quality costs, or the actual qualified educational expenses of the student, whichever is less. The bill broadens the definition of "eligible student with a disability" to include any child who is a resident of Virginia for whom an Individualized Education Plan (IEP) has been written and finalized in accordance with the federal Individuals with Disabilities Education Act (IDEA). In addition, the family household income of the eligible student with a disability who is receiving the scholarship must not exceed 400 percent of the federal poverty level.

The bill also provides that an eligible student with a disability may only receive the increased amount of scholarship funds if they attend a school for students with disabilities that (i) is licensed by the Department of Education to serve students with disabilities, (ii) complies with the nonpublic school accreditation requirements of the Virginia Association of Independent Schools, (iii) is exempt from taxation under § 501(c)(3) of the Internal Revenue Code, and (iv) does not receive public funds to supplement the cost of the education of the eligible student with a disability who is receiving the scholarship.

6. Budget Amendment Necessary: No.

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

- 8. Fiscal Implications:** This bill could have an unknown, but likely minimal, negative impact on general fund revenues. 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 higher scholarships and more scholarships to eligible students with a disability.

Without knowing how this bill may impact the annual number of scholarships and tax credits, it is anticipated that the Department of Taxation and the Department of Education can absorb any resulting costs; however, if the aggregate number of similar bills likely to pass either house is unusually large, or if the additional number of scholarships and tax

credits resulting from this bill is significant, these agencies may require additional resources to administer this program.

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

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 (DOE) issued \$11.5 million in tax credits for FY 2018, \$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, \$1.5 million in tax credits for FY 2014, and \$102,325 in tax credits in FY 2013.

Senate Bill 1365 is identical to this bill.

House Bill 2459 and Senate Bill 1015 are substantially similar bills that would expand the Education Improvement Scholarships Tax Credit so that scholarship foundations would be permitted to award scholarships to eligible pre-kindergarten children for their qualified education expenses.

Senate Bill 1160 would make changes to what the Superintendent of Public Instruction is required to consider when making an allocation of Neighborhood Assistance Act Tax Credits to a neighborhood organization, and permit certain scholastic assistance organizations to be eligible to receive an allocation of Education Improvement Scholarships Tax Credits.