

## Department of Planning and Budget

### 2023 Fiscal Impact Statement

**1. Bill Number:** SB1179

<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:** DeSteph

**3. Committee:** Finance and Appropriations

**4. Title:** Education improvement scholarships tax credits; eligible student with a disability.

**5. Summary:** Removes, beginning in taxable year 2024, the requirement that an eligible student with a disability also qualify as a student under the education improvement scholarships tax credit program and expands eligibility of students with disabilities to include those who are residents of Virginia and for whom an Individualized Education Plan has been written and finalized. The bill also provides that beginning in taxable year 2024 the aggregate amount of scholarships provided to each eligible student with a disability for a single school year from eligible donations shall not exceed the lesser of (i) the actual qualified educational expenses of the eligible student with a disability or (ii) 300 percent of the per pupil amount distributed to the local school division (in which the eligible student with a disability resides) for the state's share of the standards of quality costs using the composite index of local ability-to-pay. Such scholarships may only be provided to an eligible student with a disability who is attending a school licensed by the Department of Education to serve students with disabilities that complies with nonpublic school accreditation requirements, is exempt from taxation as a § 501(c)(3) organization, and 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 expands student eligibility for scholarships but does not increase the total maximum for the tax credit program. This credit currently is subject to an annual credit cap of \$25 million, and the Official General Fund revenue forecast currently accounts for the full credit cap.

There is no expected impact to the Department of Taxation. It is possible that increases in demand could affect the administration of the program at the Department of Education (DOE). If DOE requires additional administrative support, assuming an annual salary of

\$65,000, an additional \$114,156 in recurring state funding is needed for one staff position; however, any actual impact is indeterminate at this time.

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

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None