

Department of Planning and Budget 2023 Fiscal Impact Statement

1. Bill Number: SB892

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: Newman

3. Committee: Finance and Appropriations

4. Title: Education improvement scholarships tax credits; student definition.

5. Summary: Provides that beginning in taxable year 2024, students eligible for a scholarship from an approved scholarship foundation shall include any school-aged child living in Virginia whose family income does not exceed 300 percent of federal poverty guidelines, regardless of prior public school enrollment or a recent move to Virginia. Under current law, a student must be a resident of Virginia who (i) in the current school year has enrolled and attended a public school in the Commonwealth for at least one-half of the year, (ii) for the school year that immediately preceded his receipt of a scholarship foundation scholarship was enrolled and attended a public school in the Commonwealth for at least one-half of the year, (iii) is a prior recipient of a scholarship foundation scholarship, (iv) is eligible to enter kindergarten or eligible to enter first grade, or (v) for the school year that immediately preceded his receipt of a scholarship foundation scholarship was domiciled in a state other than the Commonwealth and did not attend a nonpublic school in the Commonwealth for more than one-half of the school year.

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.

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

10. Technical Amendment Necessary: No

11. Other Comments: None