

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 534** HLS 17RS 1105
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 31, 2017	6:55 PM	Author: JAMES
Dept./Agy.: Revenue		Analyst: Jodi Mauroner
Subject: Reimbursement contributions to postsecondary scholarships		

TAX/TAX REBATES RE -\$5,000,000 GF RV See Note Page 1 of 1
 Authorizes a rebate for taxpayers who donate to certain higher education scholarship and grant programs

Proposed law provides a rebate for donations made by a taxpayer to the Louisiana Office of Student Financial Assistance (LOSFA), which are used for post secondary education scholarships or grants to students who are eligible to receive a Louisiana Go Grant, not to include administrative costs. Not more than two percent of each donation shall be used by LOSFA for administrative costs. LOSFA may retain and carry forward donations in perpetuity or for a stated period of time which shall be not less than one year. The total amount of rebates granted in any calendar year shall not exceed \$5 Million. Claims for rebates shall be allowed on a first come, first served basis. Claims in excess of the authorized rebates may be carried forward to the next calendar year and will have priority over claims filed subsequent to those claims.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

There will be an indeterminable increase in expenditures of LOSFA to administer the scholarship awards. The extent of the increase will be determined by the amount of donations and scholarships awarded. These costs may be covered by an allocation of the donation amount not to exceed 2% for administrative costs.

REVENUE EXPLANATION

To the extent individuals or businesses make contributions to LOSFA and claim reimbursement, payments will be made by the Department of Revenue (DOR) before deposit of tax collections into the state treasury, and charged against gross state tax collections (most likely the personal and corporate income tax). Net collections face an annual loss exposure of \$5 million.

Actual annual program reimbursements are indeterminable and will depend upon the level of participation by taxpayers and students. Proposed legislation mimics the school tuition donation rebate program authorized by ACT 25 of 2012. The STO program ramped up relatively slowly at first, but has demonstrated considerable growth in the four years since it began.

In addition to the state rebate, a 2011 memo issued by the Office of the Chief Counsel of the Internal Revenue Service determined that notwithstanding the state rebate amount, individuals and businesses may claim a donation to a STO program as a charitable contribution on their federal income tax. This federal tax benefit may be applicable to donations as contemplated by this bill. This added tax benefit could encourage individuals and businesses to make donations to this program further increasing the state's exposure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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