

**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**



Fiscal Note On: **SB 220** SLS 23RS 395  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 28, 2023 1:52 PM	<b>Author:</b> FOIL
<b>Dept./Agy.:</b> Education/Revenue	<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> School Tuition Organization Reporting and Participation	

TAX/TAXATION OR DECREASE GF RV See Note Page 1 of 1  
 Provides relative to the income tax credit for donations to school tuition organizations. (8/1/23)

Current law provides a non-refundable income tax credit for donations to school tuition organizations (STO) to provide scholarships to qualified student attending qualified schools. Only under certain circumstances can scholarships be directed to specific students.

Proposed law relieves the Department of Education of certain reporting responsibilities with respect to actual usage of donations to a STO, and specifies that the STO will bear the reporting requirement. Proposed law additionally allows the option of electronic payment of scholarship awards directly to the qualifying school.

Proposed law additionally relaxes certain requirements for students with disabilities to meet the definition of "qualified student", including the requirement that the total household income of the child's family cannot exceed 250% of the federal poverty level. Applicable to taxable periods beginning on or after January 1, 2024.

<b>EXPENDITURES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>REVENUES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law would presumably reduce the workload of the Department of Education (DoE), by repealing certification and receipt-issuing requirements in present law. DoE reports no material impact on expenditures due to proposed law.

**REVENUE EXPLANATION**

Proposed law would remove the requirement that the household income for a qualified student be no greater than 250% of the federal poverty level, if the student has a disability. LFO notes that according to the Tuition Donation Credit FAQ on the Department of Education's website, STO donations can be directed to apply toward a particular student, if the student has a disability. To the extent that higher-earning households determine that a donation may become advantageous due to proposed law, eligible credits claimed statewide may increase, reducing state general fund receipts. The fiscal note assumes at least one household claims the credit that would not have been eligible under current law.

According to the FY22 Tax Exemption Budget, these credits have total between \$11-14M annually over the last few years.

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}

**Deborah Vivien**  
**Chief Economist**