



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **SB 27** SLS 25RS 153

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 21, 2025	4:06 PM	<b>Author:</b> TALBOT
<b>Dept./Agy.:</b> Department of Revenue / Department of Education		
<b>Subject:</b> Income Tax Credit: School Tuition Organizations		<b>Analyst:</b> Noah O'Dell

TAX/TAXATION

OR SEE FISC NOTE

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Provides relative to the tax credit for donations to school tuition organizations. (gov sig)

Current law authorizes a nonrefundable income tax credit for donations a taxpayer makes to a school tuition organization (STO) when those organizations pay the tuition for qualified students to attend nonpublic schools. The value of scholarships are limited to the lesser of actual tuition or 80-90% of the state Minimum Foundation Program (MFP) per pupil funding, depending on the grade of the student. Students are prohibited from receiving any other publicly funded scholarship. Only under certain circumstance can scholarships be targeted to specific students. Current law permits STOs to retain 25% of unawarded donations for distribution in future years with any amount above 25% going to the state general fund.

Proposed law retains current law with respect to the income tax credit, but allows students to accept scholarships from this program concurrently with those from other publicly funded programs and increases the value of the scholarships to the lesser of actual tuition or 100% of state and local MFP per pupil funding for grades K-12. Effective upon governor’s signature

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

The bill permits students who receive an STO scholarship to receive other publicly funded financial aid and increases the maximum dollar amount of scholarships that can be awarded by STOs. To the extent certain students receive an STO scholarship and other publicly funded financial aid, the proposed measure may work to increase the cost to the state for those particular students. The bill allows students to stack financial aid in an amount that potentially surpasses actual tuition or 100% of MFP per pupil funding. Aggregate expenditures on public scholarships to K-12 students (such as LA GATOR) and MFP funding are limited by appropriation.

Both LA GATOR and the STO scholarships share several of the same eligibility criteria for qualified students. LA GATOR contains no restrictions that prevent a student from receiving STO scholarships, leading LFO to believe a scenario is plausible in which students receive both in amounts to be determined independently of one another by the STOs and BESE. LFO has no basis for estimating the number of students who may be awarded both scholarships or how much the combined scholarship awards may exceed MFP funding per pupil.

For informational purposes, the Department of Education reports there are currently four participating STOs registered in the state that awarded scholarships to approximately 3,603 students during the 2023-2024 school year.

REVENUE EXPLANATION

The bill increases the maximum dollar amount of scholarships that STOs can provide to qualified students for tuition at nonpublic schools to the lesser of actual tuition or 100% of state and local MFP for all grades (K-12). The bill makes no changes to the value of or eligibility for the nonrefundable income tax credit that taxpayers receive for donations to STOs. The state’s revenue consequences of the program are contingent upon the level of donations to STOs. It appears there is little financial incentive provided by the bill for taxpayers to increase the amount of donations. However, LFO can envision a scenario where taxpayers who provide targeted donations to students with a disability may choose to increase the size of the donation to correspond with the permissible increase in the value of scholarships. To the extent targeted donors increase the amount of their donation, eligible credits claimed may increase, reducing state general fund receipts. Otherwise, LFO assumes taxpayer donation behavior would remain the same.

The Department of Education reports STOs have historically not withheld donations from year to year above the 25% limit in current law, which is expected to continue under the bill.

According to the LDR’s 2024-2025 Tax Exemption Budget, the revenue loss associated with the STO credit in FY24 totaled \$18.7M. The estimated revenue loss is currently forecasted to be \$21.8M for FY25 and \$26.9M for FY26.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	<div>Deborah Vivien Chief Economist</div>