

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 324** HLS 13RS 80

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 5, 2013	2:48 PM	<b>Author:</b> JEFFERSON
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Mary Kathryn Drago
<b>Subject:</b> Reimburse Contributions to Public Schools		

TAX/TAX REBATES OR DECREASE GF RV See Note Page 1 of 1  
 Authorizes an income tax rebate for donations to certain schools

Provides a reimbursement for contributions made to public schools graded "B", "C", "D", or "F". Reimbursements are limited to 75% of the contributions. The maximum amount of aggregate reimbursements is \$10 million per calendar year, but this maximum is increased each year by 20% if actual reimbursements reach 90% of the maximum for any year. The Department of Revenue is to issue reimbursements on a first-come, first-serve basis. Reimbursements are paid by the Department of Revenue from all tax receipts collected under Title 47 of the Revised Statutes before deposit into the state treasury. Contributions are to be used by public schools for purchasing classroom instructional materials & supplies, tutorial programs, childcare programs for student parents, school based health clinics, or for meeting any requirements prescribed for academically unacceptable schools (in Chapter 16 of LAC 28:LXXXIII). Effective on January 1, 2014 for contributions made to public schools for the 2014-2015 school year and thereafter.

<b>EXPENDITURES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<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><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

<b>REVENUES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	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><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

The Department of Revenue has to provide a standardized format for the receipt issued by a public school to a contributor, which is then presented to the Department when claiming the reimbursement. The Department will also have to track claims and reimbursements up to the annual maximum allowed, and possibly pro rate some reimbursement payments. Associated expenses are likely to be relatively minor and absorbed within the Department's existing resources, unless incrementally funded.

Contributions are to be used by public schools for purchasing classroom instructional materials & supplies, tutorial programs, childcare programs for student parents, school based health clinics, or for meeting any requirements prescribed for academically unacceptable schools (in Chapter 16 of LAC 28:LXXXIII). The bill effectively provides additional resources to support these expenditures by local schools and districts. Existing local resources can be freed up for other uses and, to some extent this may allow for some reduction in state level assistance to efforts required of academically unacceptable schools and/or prevent some schools from deteriorating to the academically unacceptable status. This state level assistance involves help in determining needed changes to improve school performance, expertise in developing improvement plans, and aid in obtaining federal school improvement grants. No additional state funding is provided to these schools.

**REVENUE EXPLANATION**

To the extent that individuals or businesses make contributions to eligible public schools and claim reimbursement, payments will be made by the Department of Revenue 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 available for deposit in the state treasury will be reduced. Thus, program reimbursement costs will be realized through reduced net revenue receipts.

Program reimbursements are speculative, and depend on the level of possible participation by contributors. However, the program proposed by this bill has an annual aggregate maximum amount of reimbursement starting at \$10 million per calendar year. This maximum annual program reimbursement can increase by 20% for the next year when at least 90% of the maximum reimbursement is reached. Charges against gross state tax collections could be substantial.

The program becomes effective on January 1, 2014 for contributions made to public schools for the 2014-2015 school year and thereafter. It appears the bill is likely to have its first charges against gross tax collections in FY15, but might possibly have some effect in FY14 if contributions and claims for reimbursement are made within the first six months of calendar year 2014 (the last six months of FY14).

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {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}

**Gregory V. Albrecht**  
**Chief Economist**