

# FISCAL NOTE

May 3, 2019

<b>Bill No:</b>	HB 800	<b>Printer's No:</b>	964	<b>Sponsor:</b>	Turzai (R)
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## COST / (SAVINGS)

Fund (s)	2018-19	2019-20
General Fund- Revenue Loss	See "FISCAL IMPACT"	\$71.7 million
General Fund- Staff costs to DCED	See "FISCAL IMPACT"	\$ 0.1 million

**SUMMARY:** This bill increases the amount of tax credit available under the Educational Improvement Tax Credit (EITC) program, creates an automatic escalator for the tax credit, increases the maximum annual household income threshold, and makes changes to eligibility.

**ANALYSIS:** HB 800 increases the EITC total aggregate amount used to provide tax credits for contributions from business firms to scholarship organizations from \$110 million to \$210 million. It also creates an automatic 10 percent escalator beginning July 1, 2019 if more than 90 percent of the credit is used during the prior fiscal year.

The bill also guarantees EITC eligibility if a student received a scholarship in any prior year and increases the maximum annual household income threshold from \$85,000 to \$95,000.

Additionally, HB 800 requires participating educational improvement organizations to contribute at least 90 percent (changed from 80 percent) of its annual receipts on scholarships and educational improvement programs.

This bill is effective July 1, 2019, or immediately, whichever is later.

**FISCAL IMPACT:** HB 800 carries an annual cost of \$100,000 in salary and benefits for an additional Economic Development Analyst within the Department of Community and Economic Development (DCED), which administers the program.

The Department of Revenue has projected the following annual revenue loss to the General Fund resulting from the increase in EITC credits in HB 800:

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Revenue Loss</b>	<b>\$ 71.7 million</b>	<b>\$109.5 million</b>	<b>\$136.3 million</b>	<b>\$160.9 million</b>	<b>\$188.0 million</b>