



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1330

PRINTERS NO. 1749

PRIME SPONSOR: Quigley

COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
General Fund	\$0	\$25,000,000

SUMMARY: House Bill 1330, Printer's Number 1749, amends the Public School Code providing for the Educational Improvement Tax Credit and repeals provisions in the Tax Reform Code of 1971.

ANALYSIS: Article XVI-H to the Fiscal Code provides that the total amount of Educational Improvement Tax Credits to be awarded in fiscal year 2010-11 shall be \$60 million. Article XVII-F of the Tax Reform Code provides that the annual cap for Educational Improvement Tax Credits awarded shall be \$75 million for fiscal years 2011-12 and thereafter.

House Bill 1330 adds Article XXV-B to the Public School Code providing for the Educational Improvement Tax Credit (EITC) and repeals Article XVII-F and Section 2902-E(b) of the Tax Reform Code. This legislation sets the annual cap on the amount of tax credits awarded under the EITC program for fiscal year 2011-12 at \$100 million and for fiscal year 2012-13 and each fiscal year thereafter at \$200 million.

In fiscal year 2011-12, not more than \$67 million of the total aggregate amount of tax credits approved shall be used for contributions to scholarship organizations; not more than \$25 million shall be used for contributions to educational improvement organizations; and not more than \$8 million shall be used for contributions to prekindergarten scholarship organizations. In fiscal year 2012-13 and each fiscal year thereafter \$120 million shall be set aside for contributions to scholarship organizations; \$60 million for contributions to educational improvement organizations; and \$20 million for contributions to prekindergarten scholarship organizations.

Additionally, the legislation increases the annual amount available per business firm for contributions made to scholarship organizations or educational improvement organizations from \$300,000 to \$400,000 in fiscal year 2011-12 and beginning fiscal year 2012-13 to \$750,000. The amount available per business firm for contributions made to a prekindergarten scholarship organization is increased from \$150,000 to \$200,000 in fiscal year 2011-12 and beginning fiscal year 2012-13 to \$250,000.

Current law provides that the maximum annual household income shall be not more than \$60,000 after June 30, 2011, and beginning July 1, 2012, the amount shall be annually adjusted to reflect any upward changes in the Consumer Price Index (CPI) for All Urban Consumers for Pennsylvania, New Jersey, Delaware and Maryland area. This legislation maintains the maximum annual household income at not more than \$60,000 for 2011-12. However, the maximum annual household income is increased to not more than \$75,000 after June 30, 2012, and then beginning July 1, 2013, the amount shall be annually adjusted to reflect upward changes in the CPI.

Additional technical changes are made to the EITC program.

The act takes effect in 60 days.

FISCAL IMPACT: Enactment of this legislation will result in an estimated additional cost to the General Fund of \$25 million in fiscal year 2011-12 and \$125 million in fiscal year 2012-13 and each fiscal year thereafter due to the increase in the annual cap.

PREPARED BY: Ritchie LaFaver
House Appropriations Committee (R)

DATE: May 10, 2011

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.