

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 800

PRINTER NO. 1676

AMOUNT

See Fiscal Impact

FUND

General Fund

DATE INTRODUCED

March 18, 2019

PRIME SPONSOR

Representative Turzai

DESCRIPTION

House Bill 800 amends Article XX-B (Educational Tax Credits) of the Public School Code to make changes to the Educational Improvement Tax Credit (EITC) program. The legislation increases the total amount of tax credits available for contributions to scholarship organizations by \$100 million from the current \$110 million to \$210 million.

Beginning July 1, 2019, the legislation provides for the amount of tax credits available for contributions to scholarship organizations to increase by 10% annually if more than 90% of the total aggregate amount of tax credits are used by taxpayers during the prior fiscal year and the General Assembly has not otherwise enacted an increase to the dollar amount provided for scholarship organizations.

The legislation increases the required contributions for educational improvement organizations, opportunity scholarship organizations, pre-kindergarten scholarship organizations, and scholarship organizations from 80% to 90% of annual receipts. The legislation increases the maximum annual household income for scholarship recipients from \$85,000 to \$95,000.

The legislation amends the definition of "eligible student" and "eligible pre-kindergarten student" to include a student who has received a scholarship or opportunity scholarship in any prior year. It also amends the definition of "pass-through entity" to add a "qualified subchapter s trust" to the definition.

The legislation is scheduled to become effective July 1, 2019, or immediately, whichever is later.

FISCAL IMPACT:

The provisions contained in House Bill 800 which increase the total amount of tax credits available to scholarship organizations by \$100 million and provide for an automatic trigger to increase the amount of tax credits will result in increasing revenue losses to the Commonwealth's General Fund year-over-year.

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

The Department of Revenue projects the revenue losses to the General Fund resulting from House Bill 800 for the next five years as follows:

	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Loss	\$71.7 million	\$109.5 million	\$136.3 million	\$160.9 million	\$188 million

Additionally, the Department of Community and Economic, which administers the EITC program, has indicated that it will need to hire an additional staff person at a cost of \$100,000 annually for salary and benefits to accommodate the administration and processing of additional applications resulting from the program expansion contained in the legislation.