

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4462-02  
Bill No.: SB 995  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education  
 Department; Revenue Department; Taxation and Revenue  
Type: Original  
Date: March 29, 2006

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>General Revenue</b>		\$0 to (\$5,000,000)	\$0 to (\$5,000,000)
<b>Total Estimated Net Effect on General Revenue Fund*</b>	<b>\$0</b>	<b>\$0 to (\$5,000,000)</b>	<b>\$0 to (\$5,000,000)</b>

\*Subject to appropriation

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

---

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this proposal for Administrative Rules is less than \$1,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

Officials from the **Department of Revenue** state the Personal Tax section will require one Tax Processing Technician for every 6,000 credits claimed, due to the carry-forward provisions. Positions will be requested through the regular budget process when needed.

Officials from the **Department of Elementary and Secondary Education (DESE)** state this proposed legislation provides that any school board of any school district classified provisionally accredited or unaccredited may establish a business and after-school partnership program and apply to DESE for approval of such program.

ASSUMPTION (continued)

The board of education of any qualifying school district shall certify annually to DESE the number of eligible students participating in an approved program. DESE shall provide written notification to DOR of each eligible student participating, the student's school district, the name of the qualified taxpayer approved to receive a tax credit on the basis of such eligible student's participation in an approved program, and the amount of such credit.

DESE will require 1.0 FTE supervisor to review and approve applications, track and report student and taxpayer eligibility, and record and report the amount of each eligible tax credit.

DESE assumes provisionally accredited and unaccredited school districts will incur costs to develop and submit applications to DESE, as well as to certify annually to DESE the number of eligible students participating in an approved program.

Due to the limited number of provisionally unaccredited and unaccredited school districts (13 total), **Oversight** assumes the program can be administered with existing resources. If a significant fiscal impact were to result, funds to support the program would be sought through the appropriations process. **Oversight** assumes the affected school districts would be able to implement this program with existing resources.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state this proposed legislation should not result in additional costs or savings to BAP.

The proposed legislation creates a tax credit for businesses who partner with provisionally accredited or unaccredited school districts to create an after-school program designed to increase student achievement and reading skills. The tax credits will reduce up to \$5,000,000 in General Revenue per year.

**Oversight** assumes that a student must participate in the program for no less than eight months in the tax year for which a return is filed claiming the tax credit and the tax credit is for tax years beginning on or after January 1, 2007, the tax credits cannot be utilized until FY 2008.

**This proposal may reduce Total State Revenues.**

<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
<b>GENERAL REVENUE</b>			
<u>Loss - Tax credits for businesses participating in the "Business and After-school Partnership Program" in provisionally accredited and unaccredited school districts</u>	\$0	\$0 to (\$5,000,000)	\$0 to (\$5,000,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE*</b>	<b><u>\$0</u></b>	<b><u>\$0 to</u> <b><u>(\$5,000,000)</u></b></b>	<b><u>\$0 to</u> <b><u>(\$5,000,000)</u></b></b>

\* Subject to appropriation

<u>FISCAL IMPACT - Local Government</u>	FY 2007	FY 2008	FY 2009
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

Small businesses that qualify for the tax credit could be fiscally impacted from this proposal.

DESCRIPTION

This proposed legislation establishes a "Business and After-School Partnership Program."

The program will encourage partnerships between businesses and the boards of education of school districts that are classified provisionally accredited or unaccredited. The result of such partnerships shall be the creation of after-school programs designed to improve student achievement and increase reading skills in such districts.

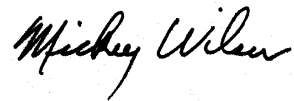
Participating businesses shall be allowed tax credits of up to \$20,000, and in no case shall the amount of credits claimed in any one tax year exceed \$5 million dollars in the aggregate.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 4462-02  
Bill No. SB 995  
Page 5 of 5  
March 29, 2006

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Office of Administration  
    Division of Budget and Planning  
Department of Revenue  
Office of Secretary of State  
    Administrative Rules Division



Mickey Wilson, CPA  
Director  
March 29, 2006