LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB 1106** HLS 12RS 2078
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action: **w/ #2 SEN COMM AMD**
Proposed Amd.:
Sub. Bill For.:

Date: May 22, 2012 7:02 AM
Author: JACKSON, K
Dept./Agy.: Revenue
Subject: Reimburse Contributions to Public Schools
Analyst: Greg Albrecht

STATE GRANTS EG2 DECREASE GF RV See Note

Authorizes a rebate for donations to certain public schools

Provides a reimbursement for contributions made to public schools graded "B", "C", "D", or "F", that are meeting their most recent academic growth targets. 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-served 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, 2013 for contributions made to public schools for the 2013-2014 school year and thereafter.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**					**$0**

REVENUES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total						

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 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 amounts to 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.

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, 2013 for contributions made to public schools for the 2013-2014 school year and thereafter. It appears the bill is likely to have its first charges against gross tax collections in FY14, but might possibly have some effect in FY13 if contributions and claims for reimbursement are made within the first six months of calendar year 2013 (the last six months of FY13).

Senate	Dual Referral Rules	House
[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}		[ ] 6.8(F)1 >= $500,000 Annual Fiscal Cost {S}
[ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}		[ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

H. Gordon Monk

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Legislative Fiscal Officer