

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2291 - A**Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
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Date: 4-14-2011**Measure Description:**

Creates tax credit for contributions to qualified scholarship granting organization.

Government Unit(s) Affected:

Department of Revenue, Department of Education

Summary of Expenditure Impact:

| | 2011-13 Biennium | 2013-15 Biennium |
|--------------------------------------|------------------|------------------|
| Department of Revenue – General Fund | \$370,824 | \$290,740 |

Positions/FTE:

| | | |
|-----------------------|--------|--------|
| Department of Revenue | 2/2.00 | 2/1.50 |
|-----------------------|--------|--------|

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The measure creates a tax credit for contributions to qualified scholarship granting organizations for low-income eligible students. The tax credit is required to equal the amount of total contributions made to a scholarship granting organization for educational scholarships, up to 50% of the taxpayers total state tax liability for the tax year with a carry-forward of tax credits for up to three years. The measure requires scholarship granting organizations to distribute quarterly scholarship payments to the parent of low-income eligible students to be delivered to the qualifying schools where the student is enrolled. Qualifying schools that accept scholarship payments for low-income eligible students are required to provide an annual report to the Department of Education that includes the number of scholarship students enrolled and academic assessment information. The measure applies to tax years beginning on or after January 1, 2012.

The number of charitable contributions that will be made and the number of qualified scholarship granting organizations is indeterminate. The 2011-13 Tax Expenditure Report indicates that 14% of all individual charitable contributions were education related deductions; however the report does not differentiate between post-secondary donations and other education related donations.

The measure requires the Department of Revenue (DOR) to certify eligible taxpayers and to administer and enforce the scholarship granting organization requirements. DOR estimates the cost to establish, implement, maintain and enforce the tax credit certification program would be \$370,824 General Fund in the 2011-13 biennium. Included in these costs are two full-time Operations and Policy Analyst 2 positions that would be responsible for start-up activities including rule-making, tax code and form modifications, and provide instructions, guidance and communication to taxpayers and affected entities. DOR estimates that the two Operations and Policy Analyst 2 positions would become part-time, totaling 1.50 FTE, to conduct the ongoing administration and enforcement of the certification process. The Department estimates a cost of \$290,740 in the 2013-15 biennium for on-going operations when the program fully phases-in.

There is no fiscal impact to the Department of Education as a result of this measure. The measure requires an indeterminate number of qualifying schools to submit annual reports but does not compel the Department to take any action regarding the reports received.