SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL:	SB 2062			
SPONSOR:	Senator Lee			
SUBJECT:	Scholarship Funding Tax Credits			
DATE:	March 25, 2003	REVISED:		
1. Fournier 2.		STAFF DIRECTOR Johansen	REFERENCE FT AP	ACTION Favorable
3. 4. 5. 6.				

I. Summary:

This bill increases the total amount of corporate income tax credit which may be granted each state fiscal year for contributions to nonprofit scholarship funding organizations from \$50 million to \$75 million. It also adjusts the scholarship amounts awarded per enrollee by the percentage change in the Consumer Price Index.

This bill substantially amends s. 220.187, F.S.

II. Present Situation:

Chapter 2001-225, L.O.F., created s. 220.187, F.S., which provides a 100 percent corporate income tax credit for contributions to eligible nonprofit scholarship funding organizations. Total credits available are capped at \$50 million per state fiscal year, and 5 percent of the total amount authorized must be reserved for small businesses. The amount of the scholarship provided to any child for a single school year is limited to \$3,500 per scholarship awarded to a student enrolled in an eligible nonpublic school, and \$500 for a scholarship awarded to a student enrolled in a Florida public school that is located outside the district in which the student resides.

Under this program, nonprofit scholarship funding organizations provide scholarships to students who are eligible for free or reduced-price lunches under the National School Lunch Act and:

- were enrolled in public school in Florida during the previous state fiscal year;
- received a scholarship from an eligible scholarship funding organization during the previous year; or
- are eligible to enter kindergarten or first grade.

According to the Department of Revenue, the entire \$47.5 million in credits available to large corporations has been claimed for the current fiscal year, and scholarship organizations were able to award the entire amount of creditable contributions. Approximately 15,000 students are currently receiving scholarships through this program. Nearly all are for private school enrollment; fewer than 1 percent are for transportation outside a student's home district. There are 8 eligible scholarship funding organizations listed on the Department of Education Choice Office's web page.

III. Effect of Proposed Changes:

This bill increases the total amount of corporate income tax credit which may be granted each state fiscal year for contributions to nonprofit scholarship funding organizations from \$50 million to \$75 million. It does not change the 5 percent of the total credits reserved for small businesses. It also adjusts the scholarship amounts awarded per enrollee by the percentage change in the Consumer Price Index, for years after the 2003-04 school year.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

This bill increases the corporate income tax credits available for contributions to scholarship funding organizations from \$50 million to \$75 million. The estimated impact is a reduction of \$23.5 million recurring general revenue, and a reduction of \$30.6 million in general revenue in FY 2003-04. The first-year impact is greater than the recurring impact because corporations taking the credits will reduce their estimated payments in the first fiscal year of the increase.

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B. Private Sector Impact:

The additional credits available can provide approximately 6,700 additional scholarships to private schools.

C. Government Sector Impact:

This bill can reduce the number of students enrolled in Florida public schools by approximately 6,700.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.