

**TAX: CORPORATE INCOME TAX**

**ISSUE: INCREASED CREDITS FOR CONTRIBUTIONS TO NON-PROFIT SCHOLARSHIP FUNDING ORGANIZATIONS**

**BILL NUMBER(S): SB 2062**

**SPONSOR(S): SENATOR LEE**

**MONTH/YEAR COLLECTION IMPACT BEGINS: JULY 1, 2003**

**DATE OF ANALYSIS: MARCH 20, 2003**

**SECTION 1: NARRATIVE**

**a. Current Law:**

Defines "Qualified Student" as one who "was counted as a full-time equivalent student during the previous state fiscal year for purposes of state per-student funding" or "received a scholarship from an eligible non-profit scholarship funding organization during the previous school year", but also includes those "eligible to enter kindergarten or first grade". The credits are limited to \$50m, with 5% or \$2.5m reserved for small businesses.

**Proposed Change:**

The cap is increased to \$75m.

**SECTION 2: DESCRIPTION OF DATA & SOURCES**

Large corporations took advantage of the entire \$47.5m in credits available to them. Scholarship organizations were able to award all the credits in scholarships.

**SECTION 3: ASSUMPTIONS & RATIONALE**

It is assumed that the entire increase of \$25m in credits is going to be used.

**SECTION 4: METHODOLOGY**

**SECTION 5: IMPACT SUMMARY (DETAILS ATTACHED)**

State Impact - All Funds	FY 2003-04 Annualized	FY 2003-04 Cash	FY 2004-05 Cash
High			
Middle	- \$25m	- \$36.5m	- \$25m
Low			

Consensus Estimate Adopted: 3 / 2 / 03	FY 2001-02 Annualized	FY 2001-02 Cash	FY 2002-03 Cash
General Revenue	(23.5)	(30.6)	(23.5)
_____ T.F.			
_____ T.F.			
_____ T.F.			
Total State Impact			
Local Tax Impact			
Total Impact	(23.5)	(30.6)	(23.5)