



**Fiscal Note**  
**H.B. 332 2nd Sub. (Gray)**  
 2020 General Session  
 Special Needs Scholarship Amendments  
 by Schultz, M. (Schultz, Mike.)



**General, Education, and Uniform School Funds**

JR4-4-101

	Ongoing	One-time	Total
Net GF/EF/USF (rev.-exp.)	\$(13,279,000)	\$13,194,400	\$(84,600)

**State Government**

UCA 36-12-13(2)(c)

Revenues	FY 2020	FY 2021	FY 2022
Education Fund	\$0	\$(13,200,000)	\$(13,200,000)
Education Fund, One-time	\$0	\$13,200,000	\$1,200,000
<b>Total Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$(12,000,000)</b>

Enactment of this legislation provides for a nonrefundable corporate and individual income tax credit for donations to the Special Needs Opportunity Scholarship Program created in the bill. Bill provisions limit donations to a total of \$12.0 million annually, resulting in a potential loss of revenue to the Education Fund of \$12.0 million beginning in FY 2022. This amount may increase annually by 10 percent if certain conditions outlined in the bill are met, resulting in a potential total of \$13.2 million in FY 2023. The loss of revenue may be off-set if the scholarship granting organization receives donation amounts greater than the amount described in the bill and remits those donations back to the state treasurer.

Expenditures	FY 2020	FY 2021	FY 2022
Education Fund	\$0	\$79,000	\$79,000
Education Fund, One-time	\$0	\$5,600	\$0
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$84,600</b>	<b>\$79,000</b>

Enactment of this legislation may cost the State Board of Education \$5,600 one-time and \$79,000 ongoing from the Education Fund beginning in FY 2021 to administer the Special Needs Opportunity Scholarship Program as outlined in the bill. The scholarship program is primarily funded by donors to a Scholarship Granting Organization receiving an income tax credit for their donation, up to an initial maximum of \$12.0 million in FY 2022 and potentially increasing by 10 percent in subsequent years. Based on the total estimated amount of \$12.0 million, a total of 1,699 to 3,398 students may be eligible to receive a scholarship depending on the scholarship amounts as outlined in the bill. Using the FY 2020 Weighted Pupil Unit (WPU) Value, students may qualify for a scholarship of \$3,592 for a regular education student or \$7,064 for a special education student. Both students in the public education system and students in home or private schools may receive a scholarship under the provisions outlined in this bill. To the extent that a public school student receives a scholarship, the state may see reduced enrollment growth costs from one to seven years (special education students) after the public education student exits the system. Potential savings are based on statutory formulas governing the calculation of WPUs. The State may see a net savings of \$1,059 per student for regular education and \$1,871 per student per year for special education for each student that exits the public education

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system. The State does not experience a like savings for scholarships granted to students in home or private schools. The costs associated with implementation of this bill may be offset if the scholarship granting organization receives donation amounts greater than the amount described in the bill and remits those donations back to the state treasurer.

	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>
<b>Net All Funds</b>	<u>\$0</u>	<u>\$(84,600)</u>	<u>\$(12,079,000)</u>

**Local Government**

UCA 36-12-13(2)(c)

Enactment of this legislation may result in additional students qualifying for a scholarship to attend a private school. As students exit the public education system, local education agencies may see some cost savings from local revenue expenditures on students ranging from \$693 per student to \$6,769 per student per year. The potential savings will vary depending on the LEA and the amount of local revenue expended per student.

**Individuals & Businesses**

UCA 36-12-13(2)(c)

Bill provisions allow individuals and businesses to make donations to the Special Needs Opportunity Scholarship Program. Donors may receive a tax credit certificate for the amount of donation, up to a total of \$12.0 million a year beginning in FY 2022 (Calendar Year 2021). The donation cap may increase by 10 percent a year based on provisions outlined in the bill.

**Regulatory Impact**

UCA 36-12-13(2)(d)

Enactment of this legislation likely will not change the regulatory burden for Utah residents or businesses.

**Performance Note**

JR4-2-404

No performance note required for this bill

**Notes on Notes**

Fiscal notes estimate the direct costs or revenues of enacting a bill. The Legislature uses them to balance the budget. They do not measure a bill's benefits or non-fiscal impacts like opportunity costs, wait times, or inconvenience. A fiscal note is not an appropriation. The Legislature decides appropriations separately.