

STATEMENT OF PURPOSE

RS22576C1

This bill provides a 50 percent credit on state income taxes to individuals and corporations that make donations to nonprofit scholarship granting organizations (SGOs) that provide scholarships to qualified low-income K-12 students attending approved non public schools.

FISCAL NOTE

The bill provides a tax credit to individuals and corporations that make donations to scholarship granting organizations (SGOs). For individuals, the credit is equal to the fifty percent of the amount of the donation. For corporations, the credit is equal to fifty percent of the amount of the donation up to 50% of the corporate taxpayer's total state tax liability. The total amount of credits is limited to \$10 million in each fiscal year. If the cap is reached, the cap will automatically increase according to the increase in the consumer price index. SGOs may use up to ten percent of the amount donated for scholarships for administrative costs. There are restrictions on which students qualify for scholarships under the program. Eligibility is limited to students who:

- a) have household incomes less than 150% of the maximum income that can be earned to qualify for the national free and reduced price lunch program (185% of the federal poverty level), and
- b) attended a public school in the preceding semester, are entering kindergarten or first grade, or are starting school in Idaho for the first time, and
- c) reside in Idaho and attend a school located in Idaho while receiving an educational scholarship.

Projected state savings: Approximately \$1 savings to the state for every \$1 donated to a scholarship granting organization (SGO):

Money donated to SGO	Loss in State Revenue	Total Money Awarded by SGO	Number of scholarships	Number leaving public school	Money saved in state foundation	Net savings to state
\$1,000,000	\$ 500,000	\$ 900,000	333	329	\$1,564,333	\$1,064,333
\$2,000,000	\$1,000,000	\$1,800,000	667	659	\$3,128,667	\$2,128,667

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