

STATEMENT OF PURPOSE

RS31974 / H0039

The Idaho Parental Choice Tax Credit legislation provides for a refundable tax credit up to \$5,000 for a parent, guardian or foster parent that incurs qualified education expenses for an eligible student. “Qualified expenses” include kindergarten through twelfth grade tuition and fees related to attending a nonpublic school, tutoring, taking assessments used to determine college admission, costs for textbooks, curriculum, and transportation costs for the purpose of receiving academic instruction. The refundable tax credit is increased up to \$7,500 for special needs students that require ancillary personnel to assist in academic instruction. All families may apply for the refundable tax credit during the application timeframe, but families whose income is less than 300% of the federal poverty level receive the highest priority and can also elect to have a one-time advance tax credit payment in their first year of participation in the program. The Idaho State Tax Commission will administer the program and has the ability to audit records, receipts and documents similar to all tax filings to ensure accountability. The Idaho State Tax Commission may refer suspected cases of fraud to the Attorney General for investigation and prosecution. The Tax Commission will be required to report annually to the Idaho Legislature on the number of tax credits applied for and the average tax credit issued, the types and amounts of qualified education expenses, the income of households applying for the credit, and the geographic area of the parents applying for the tax credit.

FISCAL NOTE

The fiscal impact of the refundable tax credit is a maximum of \$50 million in reduced revenue to the state General Fund. \$125,000 one-time from the General Fund will be used for programming and coding costs at the Idaho State Tax Commission.

It is estimated that the Idaho State Tax Commission would need to utilize two full-time employees (FTEs) in the administration of this program. No additional FTEs are being requested because of existing vacancies within the Idaho State Tax Commission.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).