

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2022 REGULAR SESSION**

MEASURE

2022 BR NUMBER 1544

SENATE BILL NUMBER 136

TITLE AN ACT relating to the tuition credit.

SPONSOR Senator Wil Schroder

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: _____

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED _____

FISCAL ESTIMATES	2021-2022	2022-2023	2023-2024	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
EXPENDITURES				
NET EFFECT	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)

() indicates a decrease/negative

PURPOSE OF MEASURE: This bill amends KRS 141.069 to allow students who participate in the Academic Common Market (ACM) to qualify for the tuition tax credit. Currently, only individuals attending a Kentucky institution qualify for this tax credit. Under the Southern Regional Compact of Southern States for Regional Educational Services and the ACM, students who are pursuing degrees that are not offered at a Kentucky institution are able to attend a participating out-of-state institution and pay their in-state tuition rates. Under this proposed legislation, these students would now qualify for this nonrefundable Kentucky tax credit.

FISCAL EXPLANATION: The calculation of the tuition tax credit is reliant on the federal American Opportunity and Lifetime Learning education credits. One must be eligible for the credit at the federal level in order to qualify for the Kentucky tuition credit, as the Kentucky credit is a percentage of the amount allowed on the federal tax return. The maximum Kentucky American Opportunity credit that could be granted per student, per taxable year is \$625, and the maximum Lifetime Learning credit is \$500. These charts show the estimated negative fiscal impact if each student were eligible and claimed the maximum credit amounts on their return. The Department of Revenue is already administering this credit, and there will be no additional administrative expenses associated with the expansion of the tuition tax credit.

American Opportunity		
Academic Year	Number of Students Attending ACM Schools	Aggregate Credit Total
21/22	167	\$104,375.00
20/21	146	\$91,250.00
19/20	184	\$115,000.00
18/19	159	\$99,375.00
17/18	205	\$128,125.00

Lifetime Learning		
Academic Year	Number of Students Attending ACM Schools	Aggregate Credit Total
21/22	167	\$83,500.00
20/21	146	\$73,000.00
19/20	184	\$92,000.00
18/19	159	\$79,500.00
17/18	205	\$102,500.00

DATA SOURCE(S): LRC Staff, Council on Postsecondary Education

PREPARER: Sarah Watts NOTE NUMBER: 25 REVIEW: JAB DATE: 1/27/2022