

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

MEASURE

2022 BR NUMBER 1227

SENATE BILL NUMBER 50

TITLE AN ACT relating to educational opportunity account.

SPONSOR Senator Ralph Alvarado

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	2023-2024 ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(\$6,250,000)	(\$14,062,500)	(\$25,000,000)
EXPENDITURES				
NET EFFECT		(\$6,250,000)	(\$14,062,500)	(\$25,000,000)

() indicates a decrease/negative

PURPOSE OF MEASURE: This legislation amends KRS 141.502 to increase the income threshold to be considered a qualifying student for an Education Opportunity Account (EOA). Among other qualifications, an “eligible student” is defined as a member of a household with income of not more than 200% of the income limits to qualify for reduced-price meals. KRS 141.504 is amended to expand qualifying expenses to include tuition and fees to attend a prekindergarten to grade twelve nonpublic school. This proposed legislation also allows Account Granting Organizations (AGOs) to allocate less than 90% of the total annual contributions to EOAs in the first year only. In the 2nd year, 90% of the total annual contributions from the first and second year of operation must be allocated.

The credit cap is \$25,000,000 for fiscal year ending June 30, 2022, and is amended to increase each fiscal year by 25%, not to exceed \$50,000,000. If the aggregate of all credits awarded during the previous fiscal year does not equal at least 90% of the annual credit cap, the cap will remain the same for the next year. The sunset date is eliminated allowing this tax credit for additional taxable years.

FISCAL EXPLANATION: The original credit cap was \$25,000,000 annually, therefore, there is no fiscal impact for FY 2022. With the credit cap increase of 25% in the next two fiscal years,

if the aggregate volume of tax credits awarded are at least 90% of the credit cap, the estimated fiscal impact would potentially be (\$6,250,000) for FY 2023 and (\$14,062,500) for FY 2024. At full implementation, the fiscal impact of the tax credit would be \$25,000,000, if the cap is reached each year.

DATA SOURCE(S): LRC Staff

PREPARER: Sarah Watts NOTE NUMBER: 33 REVIEW: JAB DATE: 1/19/2022