

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** H0805 w/CS Scholarship eligibility for dependent children of veterans and military personnel

**SPONSOR(S):** Baker

**TIED BILLS:** **IDEN./SIM. BILLS:**

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Appropriations</u>	<u>19 Y, 10 N</u>	<u>Dunn</u>	<u>Hansen</u>
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

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**SUMMARY ANALYSIS**

This bill creates a corporate income tax credit to fund a program for scholarships for children in grades K-12 who are dependents of military personnel. The program is structured similarly to the scholarship program for children eligible to qualify under the National School Lunch Act. The program for dependent children of military personnel is capped at \$10 million. The criteria for potential scholarships recipients are that they be dependent children of active duty or reserve personnel of the United States military, veterans of the United States military, or members of the Florida National Guard.

The bill establishes a purpose, definitions, authorizations, obligations, eligibility criteria and provides for administration and rules of this program.

Corporate income tax revenues collected by the state would decrease by \$10 million per fiscal year if the bill becomes law. That \$10 million, however, will be redirected via the corporate tax credit program into educational benefits for more students than would be served through FEFP funding.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |        |       |        |
|--------------------------------------|--------|-------|--------|
| 1. Reduce government?                | Yes[ ] | No[ ] | N/A[x] |
| 2. Lower taxes?                      | Yes[ ] | No[ ] | N/A[x] |
| 3. Expand individual freedom?        | Yes[x] | No[ ] | N/A[ ] |
| 4. Increase personal responsibility? | Yes[ ] | No[ ] | N/A[x] |
| 5. Empower families?                 | Yes[x] | No[ ] | N/A[ ] |

For any principle that received a "no" above, please explain:

#### B. EFFECT OF PROPOSED CHANGES:

Section 220.1875, F.S., creates a program funded by corporate income tax credits for monetary donations to a nonprofit scholarship funding organization to provide scholarships to students in grades K-12, who fall under the eligibility criteria listed in this statute.

To be eligible, potential recipients include recipients must be dependent children of United States Armed Forces veterans, active duty and reserve personnel in the United States military, or members of the Florida National Guard.

Contributing corporations are allowed to contribute no more than 75% of what their corporation tax would be owed to the scholarship program; each corporate contribution can be no more than \$5 million and must be made to an organization which is approved by the Department of Education and each organization must be in compliance with the eligibility criteria specified by section 220.1875 (5), F.S.

The proposed statute will direct eligible nonprofit scholarship funding organizations to provide scholarships to eligible students for tuition, textbook expenses, and transportation expenses. The bill specifies that scholarship amounts must not exceed 1) \$3,500 to students enrolled in a nonpublic primary or secondary school located in Florida that offers general education to primary or secondary students and does not discriminate based on race, color, or national origin; or 2) \$500 to students enrolled in a Florida public school that is located outside the district in which the student resides. The program is capped at \$10 million in tax credits.

This program is based on the scholarship program set forth in section 220.187, F.S., which has been very successful in receiving contributions and distributing scholarships to students in grades K-12, who are from low income families.

#### C. SECTION DIRECTORY:

Section 1: This bill creates the corporate income tax contribution scholarship program for dependent children of military personnel.

Section 2: The act will take effect upon becoming law.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

Corporate income tax revenues collected by the state would decrease by \$10 million per fiscal year if the bill becomes law. That \$10 million, however, will be redirected via the corporate tax credit program into educational benefits for more students than would be served through FEFP funding.

The bill will allow for a minimum of 2,857 scholarships of \$3,500. Experience indicates that not all scholarships are for the full \$3,500, thereby allowing for greater numbers of awards. FEFP funding per student is expected to be \$5,289. Therefore, \$1,789 is saved by the award of each \$3,500 scholarship, or \$5,111,428 in the aggregate for the 2003-2004 fiscal year.

#### 2. Expenditures:

This bill has the net effect of saving the state at least \$5,111,428 in the fiscal year 2003-2004.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues: N/A

2. Expenditures: N/A

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR: No change.

D. FISCAL COMMENTS: Section 220.1875(3)(b) provides that the total amount of tax credit that may be granted in a fiscal year is \$10 million.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision: Not Applicable.

2. Other: Not Applicable.

B. RULE-MAKING AUTHORITY: Not Applicable.

C. DRAFTING ISSUES OR OTHER COMMENTS: Not Applicable.

## IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES