

**FISCAL NOTE**

Source of revenue decrease (up to \$3 million):

There is the potential for an initial revenue decrease of up to a maximum \$3,000,000 to the Severance Tax Distribution Account from tax credits for scholarship donations, assuming the decrease would be in severance tax revenues in excess of the \$155 million cap distributed one-third (1/3) General Fund and two-thirds (2/3) Budget Reserve Account.

The amount of decrease is indeterminable as the reduction is based on the number of mineral companies willing to participate in the scholarship program. This revenue decrease would have the potential to be partially replaced depending on the savings to the School Foundation Program Account, described below.

Source of Expenditure Decrease (up to \$9 million):

If the full \$3,000,000 was available for scholarships, the Department of Education (WDE) estimates approximately 571 students would be eligible to participate in the tax credit scholarship program. If the students participating in the scholarship program were students previously enrolled in the public school system and funded through the Foundation Program, there potentially would be a decrease in funding through the education resource block grant funding model (funding model) in the form of amounts guaranteed to school districts.

To calculate the estimated expenditure decrease within the funding model, the WDE assumes the average cost per student of \$15,516 multiplied by the 571 students that may enroll with a private school. The total estimated expenditure decrease to the Foundation Program is \$9,000,000 for each school year assuming maximum participation. The incremental change in funding will vary based on district and school level funding calculations and where the student was previously enrolled. Without information on what school districts the students receiving the scholarship are primarily enrolled, the impact to the School Foundation Program Account revenues through recapture payments and expenditures through entitlement payments is indeterminable at this time.

Source of expenditure increase (up to \$3 million) which is also an offset to the previously described revenue decrease to the Severance Tax Distribution Account:

The proposed bill requires the WDE to determine the amounts not expended from the School Foundation Program Account as a result of the newly created tax credit scholarship program. One-third of the amount identified by the WDE, not to exceed \$3,000,000, will be appropriated from the School Foundation Program Account's share of federal mineral royalties distributed under W.S. 9-4-601(a)(iii) to the Severance Tax Distribution Account. This would result in at least a partial repayment of the original revenue decrease to the Severance Tax Distribution Account (above) based upon the tax credit. In order to divert the maximum amount of \$3,000,000, the WDE estimates approximately 571 students would need to participate in the tax credit scholarship program.

Overall assumptions:

This estimate does not account for the potential use of up to 10% of the scholarship account funding that may be used by the scholarship organization. Depending on how much was donated to the scholarship account, and how much was used by the scholarship organization, this would affect the total number of scholarships available and the overall savings to the School Foundation Program Account and subsequent repayment to the Severance Tax Distribution Account.

This estimate also assumes the scholarships only go to currently enrolled public school students who would then be attending a private school. If scholarships went to students not currently enrolled in public school, there would not be a corresponding savings to the School Foundation Program Account as their ADM was not previously funded through the Foundation Program. This estimate also assumes there would be full use of the number of private school scholarships available.

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