

**COMMITTEE QUESTIONS
SB282
TAX CREDIT SCHOLARSHIPS**

1.) What is the Fiscal Impact?

Depending on the value of the scholarship and the amount of the overhead allowed.

Net savings to State Budget:

Year 1. (\$223,900) to \$ 1.9 million
Year 2. \$0 to \$2.5 million
Year 3. \$175,000. to \$3.2 million
Year 4. \$.5 million to \$4.2 million

Net Savings to Local Tax Payers:

Year 1. \$2 million to \$1.9 million
Year 2. \$2.6 million to \$3.5 million
Year 3. \$3.4 million to \$4.5 million
Year 4. \$4.4 million to \$6 million

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2.) Why allow an Average Scholarship value of \$3,000.00?

Answer: The SSOs can then look at each applicant's financial means and grant scholarships accordingly, some recipients may receive a larger scholarship and some may receive a smaller scholarship. Most private school tuition will be greater than \$3,000.00 and parents will have to make up the difference. They will have their own dollars invested in this education purchase and will not be insulated from the true cost of schooling their child. This will encourage parents to become involved as price conscious shoppers and for schools to be more efficient.

3.) Why allow the Student Scholarship Organizations to transfer funds to another SSO?

Answer: Any given SSO may be more successful at gathering contributions than other SSOs and may not have a pool of "eligible students" large enough to grant scholarships to. The bill allows SSOs to carry forward a balance for up to 2 years.

4.) Is the bill Constitutional?

Answer: Yes, information provided by Tim Keller of the Institute for Justice.

5.) What other Tax Credits does the State have:

Answer: See Expanding Choice, Tax Credits and Educational Access in Montana by the Institute for Justice

6.) Student Eligibility: (Amendment)

Students who are eligible for a tax credit scholarship include only; students who desire to transfer from public school to a private school or students who are entering a private school in K or 1st or students transferring from out-of-state at any grade

7.) Are preschool programs included?

Answer: Other states do include preschool programs; we do not have to include them.

8.) Can a parent accept more than one scholarship?

Answer: Section 5(2)

A parent of an eligible student may not accept scholarship awards greater than the tuition amount charged by the qualified school or program of the parent's choice.

8.) Is the tax credit 100% of the education expense or of the amount donated to an SSO?

Answer: The donor will receive a 100% credit of the amount of the donation given to a Student Scholarship Organization.

9.) Is there some confusion in terms nonpublic, private and qualified school or program?

Answer: Section 1(2)(a) nonpublic, private and qualified school or program mean the same and qualifies its students for exemption under 20-5-102

20-5-102. Compulsory enrollment and excuses. (1) Except as provided in subsection (2), any parent, guardian, or other person who is responsible for the care of any child who is 7 years of age or older prior to the first day of school in any school fiscal year shall cause the child to be instructed in the program prescribed by the board of public education pursuant to 20-7-111 until the later of the following dates:

- (a) the child's 16th birthday; or
- (b) the date of completion of the work of the 8th grade.

(2) A parent, guardian, or other person shall enroll the child in the school assigned by the trustees of the district within the first week of the school term or when the parent, guardian, or person establishes residence in the district unless the child is:

- (a) enrolled in a school of another district or state under any of the tuition provisions of this title;
- (b) provided with supervised correspondence study or supervised home study under the transportation provisions of this title;
- (c) excused from compulsory school attendance upon a determination by a district judge that attendance is not in the best interest of the child;
- (d) excused by the board of trustees upon a determination that attendance by a child who has attained the age of 16 is not in the best interest of the child and the school; or
- (e) enrolled in a nonpublic or home school that complies with the provisions of 20-5-109. For the purposes of this subsection (2)(e), a home school is the instruction by a parent of the parent's child, stepchild, or ward in the parent's residence and a nonpublic school includes a parochial, church, religious, or private school.

9.) Is there a law requiring private schools to not discriminate?

Answer: Some private schools have a nondiscrimination policy and may be required to have a policy by their accreditation association.

11.) How long can a school be in the process of becoming accredited?

Answer: According to the Northwest Accreditation Association once application has been made it could be up to one year to receive provisional status and may take up to three years to become fully accredited.

12.) Can a donor claim the tax credit on both the State and Federal return?

Answer: Section 7(6) A credit is not allowed under this section with respect to any amount deducted by the taxpayer as a charitable donation to a charitable organization qualified under section 501c3 of the IRS code.