

MEMORANDUM

TO: Education Interim Committee

**FROM: Tony Zammit, Acting Deputy Chief Legal Counsel
Montana Department of Revenue**

DATE: January 21, 2022

**SUBJECT: Update to Department of Revenue's January 7, 2022 HB 279
Donations Portal Memorandum**

This is an update to the Department of Revenue's (DOR) January 7, 2022 HB 279 Donations Portal Memorandum (Jan. 7 Memo) to this Education Interim Committee. As both aggregate credit caps have been met, the DOR can provide additional information as well as some other relevant updates.

The Donations Portal

As noted in the Jan. 7 Memo, The DOR's Donations Portal (Portal) is available and at EducationDonations.mt.gov.

Both the Public School District (PSD) Innovative Education Program Credit (IEC) \$1,000,000 and Student Scholarship Organization (SSO) \$1,000,000 aggregate threshold caps have been met. The IEC threshold was met on January 3, 2022 at about 8:05 AM. The SSO threshold was met on January 19, 2022 at approximately 6:20 pm.

For both credits, the DOR's process and the Portal worked seamlessly to implement what the Montana Legislature provided for in statute. The DOR continues to compile data and feedback about how the Portal could be improved for future years.

Student Scholarship Organizations Update

While the DOR is still analyzing the database from the Portal, the following are some preliminary statistics that can be reported specifically about the SSO donations.

- 7 SSOs were preapproved and registered for the donations portal.
- 10 individual users registered.
- The \$1,000,000 SSO donation credit was approved on behalf of 64 donors
- The 64 donors made 69 donations to SSOs
- The average donation amount was \$14,492.75
- 55 donations were made on behalf of individuals
- 9 donations were made on behalf of businesses

Innovative Education Credit Update

The aggregate threshold cap for the IEC was met prior to the drafting of the Jan. 7 Memo, and the preliminary statistics provided there about the IEC remain unchanged. However, some additional metrics about the portal can be reported here:

- The average donation amount was \$43,478.26;
- The average donation amount excluding the three largest donations was \$20,300;
- The total amount of the 77 total requests for preapproval of donations was \$1,503,000. This number includes approved and attempted/cancelled donations that were not approved;
- The average donation amount of all 77 total requests for preapproval of donations made by PSDs was \$19,519.48. This number includes approved and attempted/cancelled donations that were not approved.

Next Steps Update

Now that both aggregate threshold caps have been met, the DOR will work to produce a report over the coming months to provide transparency and useful metrics for PSDs, SSOs, the Legislature, and the public.

Simultaneously, the DOR has received feedback from PSDs about the portal and the donations process, as well as the trainings and guidance documents that the DOR published prior to the portal opening. That feedback is provided in the attached document.

DOR will actively solicit feedback from the SSOs that recorded donations about the process and what could be improved for future years.

The DOR has revised and published its *Tax Credits for Qualified Education Contributions* guide to provide better information and guidance based on the experiences of Portal users. That is a living document, and the guide will likely receive updates in the future. To assist readers, each change to the guide is noted at the beginning of the document.