FISCAL NOTE

The fiscal impact is indeterminable.

Source of revenue decrease: Severance tax revenue decrease from severance tax credits on oil, natural gas and coal production;

The severance tax revenue decrease to the Severance Tax Distribution Account (STDA) due to tax credits for scholarship donations, is indeterminable. This decrease in severance tax revenues is assumed to be above the $155 million cap, distributed 1/3 to the General Fund and 2/3 to the 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 program and the number of students awarded scholarships. This revenue decrease would be replaced, up to $88,704,000, from under-the-cap federal mineral royalties (FMRs) distributed to the School Foundation Program (SFP), dependent upon the participation in the program, described below.

Source of Expenditure Decrease: Decrease in School Foundation Program (SFP) expenditures from decrease in public school K-12 enrollment;

If the students participating in the scholarship program were students previously enrolled in the public school system and funded through the SFP, there potentially would be a decrease in funding through the education resource block grant funding model in the form of amounts guaranteed to school districts. The incremental change in funding will vary based on funding model 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 SFP is indeterminable at this time.

Source of expenditure increase: Transfer of under-the-cap FMRs from the SFP to the STDA to offset the previously described revenue decrease to the STDA;

The proposed bill requires the state superintendent to determine 1) the amounts not expended from the SFP as a result of the newly created program and 2) the amounts actually provided to students through the program. An amount equal to the total actually provided to students through the program will be transferred from the SFP's share of under-the-cap FMRs to the STDA. The maximum amount annually distributed under the cap to the SFP equals $88,704,000. Without information on actual scholarship amounts that would be awarded under this program, this amount of increased expenditures from the SFP is indeterminable at this time.

Overall assumptions:

This analysis 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 SFP as the student's average daily membership was not previously funded through the education resource block grant funding model.

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