## **HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

BILL #: H0805 Scholarship eligibility for dependent children of veterans and military personnel

SPONSOR(S): Baker

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

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Appropriations		<u>Dunn</u>	Hansen
2)			
3)			
4)			
5)			

### **SUMMARY ANALYSIS**

Currently, children in grades K-12 who qualify under the free or reduced-price National School Lunch Act are eligible for scholarships provided by corporate income tax credits. The bill expands the current class of eligible recipients to include dependent children of Armed Forces Veterans and active duty dependent children of the United States Military or dependents of members of the Florida National Guard.

The bill has no fiscal impact. It expands the current class of eligible recipients who may compete for scholarships funded by corporate income tax credits.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives. h0805a.ap.doc STORAGE NAME: March 13, 2003

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#### **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 220.187, F.S., currently allows a corporate income tax credit for monetary donations to a nonprofit scholarship funding organization that is established to provide scholarships to students in grades K-12, who qualify for the Federal Free or Reduced Price Lunch Program.

The current statute directs 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; 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 \$50 million in tax credits.

Statistics for the first full year of the program indicate that more than 15,000 students obtained scholarships under the act. *Research Report*, Florida Tax Watch (February 2003). The Tax Watch report finds that the program successfully addresses the issue of classroom space and recommends that expanding the program would result in even greater savings in net revenue returns.

HB 0805 amends Section 220.187, Florida Statutes, to allow for an expansion of the eligible class able to receive these scholarships previously available only to children from lower income families. The current statute allows for "qualified students" to be defined as only those students who would qualify for the National School Lunch Act. HB 0805 expands the class to include the dependent children of U.S. Armed Forces veterans, dependent children of active duty personnel in the U.S. military and dependent children of members of the Florida National Guard.

### C. SECTION DIRECTORY:

Section 1: Amends the eligibility criteria of the bill; it expands the class of eligible recipients.

Section 2: Provides effective date of July 1, 2003.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

# A. FISCAL IMPACT ON STATE GOVERNMENT:

Revenues: No change

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- 2. Expenditures: No change
- **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:** 
  - 1. Revenues: N/A
  - 2. Expenditures: N/A
- C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:
- D. FISCAL COMMENTS: Section 220.187(3)(b) provides that the total amount of tax credit that may be granted in a fiscal year is \$50 million. The bill does not alter that amount; it increases the pool of eligible applicants for that amount of funds.

## **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

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