COMMITTEE REPORT

February 3, 2016

**H. 4633**

Introduced by Reps. Bingham and Limehouse

S. Printed 2/3/16--S.

Read the first time January 14, 2016.

**THE COMMITTEE ON FINANCE**

To whom was referred a Joint Resolution (H. 4633) to extend the date by which an independent school must apply to become an eligible institution for purposes of the educational tax credit for exceptional needs children, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the joint resolution, as and if amended, SECTION 1, page 1, by striking line 26 and inserting:

/ Education Oversight Committee by May 1, 2016. /

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Fiscal Impact Summary**

This joint resolution would have no expenditure or revenue impact on the general fund, federal funds, or other funds.

**Explanation of Fiscal Impact**

**State Expenditure**

This joint resolution extends the deadline for an independent school to apply to the Education Oversight Committee (EOC) for eligibility to receive contributions from nonprofit scholarship funding organizations and individuals as tuition payment for exceptional needs children within their custody or care from August 1, 2015, to February 15, 2016. The EOC indicates that the consideration of any additional applications would have no expenditure impact on the general fund, federal funds, or other funds.

**State Revenue**

This joint resolution may increase the number of institutions eligible to receive contributions from nonprofit scholarship funding organizations and individuals as tuition payment for exceptional needs children within their custody. Tax credits for contributions to nonprofit scholarship funding organizations are limited to $8 million. Contributions by individuals as tuition payment for exceptional needs children within their custody are limited to $4 million. The cumulative maximum total of these tax credits may not exceed $12 million. If the tax credits claimed by taxpayers in the two categories exceed the specified limits, the Department of Revenue will allow the credits on a first-come, first-served basis. Therefore, the maximum credits allowed pursuant to Section 9 of Act 92 of 2015 will not increase above the $12 million limit regardless of the number eligible independent schools.

When the Board of Economic Advisors (BEA) set the initial forecast for FY 2016-17 in November 2015, the forecast included an adjustment for the $12 million cumulative total tax credits authorized by Section 9 of Act 92 of 2015. This adjustment included the $4 million revenue impact of the refundable exceptional needs child tuition tax credit and the maximum $8 million in tax credits allowed for donations to nonprofit scholarship organizations. Therefore, the proposed extension of the application date for independent schools to March 1, 2016, will have no further revenue impact on the general fund.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **JOINT RESOLUTION**

TO EXTEND THE DATE BY WHICH AN INDEPENDENT SCHOOL MUST APPLY TO BECOME AN ELIGIBLE INSTITUTION FOR PURPOSES OF THE EDUCATIONAL TAX CREDIT FOR EXCEPTIONAL NEEDS CHILDREN UNTIL FEBRUARY 15, 2016.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Notwithstanding subsection (G), Section 9 of Act 92 of 2015, for purposes of being considered an eligible institution that may receive a contribution from a nonprofit scholarship funding organization or a contribution from an individual as tuition, for which a tax credit is allowed pursuant to subsection (B), Section 9 of Act 92 of 2015, an independent school must apply to the Education Oversight Committee by February 15, 2016.

SECTION 2. This joint resolution takes effect upon approval by the Governor.

‑‑‑‑XX‑‑‑‑