# **Department of Finance and Administration**

# **Legislative Impact Statement**

Bill: HB1745 Amendment Number: H1 (3/17/15 Engrossment)
Bill Subtitle: TO ESTABLISH AN INDIVIDUAL INCOME TAX CREDIT OPPORTUNITY
SCHOLARSHIP PROGRAM.

Basic Change: Sponsor: Representative Sorvillo

HB1745 will create the refundable Opportunity Scholarship Program Credit for taxpayers with dependents who suffer from dyslexia and attend a private elementary or secondary school in Arkansas. The credit allowed is up to \$4,400 per year of the tuition paid. The bill is effective for tax years beginning on or after January 1, 2015.

### Revenue Impact :

FY2016 of \$21M reduction to General Revenue

FY2017 of \$23M reduction to General Revenue

FY2018 of \$25M reduction to General Revenue

[This impact is based on the number of current private school students only. If 5% of public school children with dyslexia switch to a private school, the annual reduction to general revenue could increase by another \$20M.]

### Taxpayer Impact :

Taxpayers who can claim a dependent with dyslexia can claim a tuition credit of up to \$4,400 if the dependent attends a private school in Arkansas. If the credit exceeds the taxpayer's income tax liability, the excess shall be refunded to the taxpayer.

#### Resources Required:

Update computer programs, tax forms, and instructions.

## Time Required:

Adequate time is provided.

## Procedural Changes :

Computer programs, tax forms, and instruction booklets will need to be updated.

# Other Comments :

There is no certification process

- · To determine which dependents have dyslexia.
- · To determine who attended a private school and how much tuition was paid.

### Legal Analysis:

HB1745 Amendment 1 would establish a refundable state individual income tax credit up to \$4,400 for tuition payments to a private school for a state income tax return dependent with dyslexia. This credit would be effective for tax years beginning on and after January 1, 2015.

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