



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **SB0253.02 (001): Revise administrative and certification processes for student scholarship organizations**

Primary Sponsor: Sue Vinton Status: As Amended in Senate Committee

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact  
☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$218,129	\$212,213	\$215,397	\$218,628
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Net Impact</b>	<u>(\$218,129)</u>	<u>(\$212,213)</u>	<u>(\$215,397)</u>	<u>(\$218,628)</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

SB 253 changes the qualifications for SSOs operating in the state and sets new reporting requirements for the Department of Revenue. The proposed changes will increase general fund expenditures by \$218,129 in FY 2026, which increases to \$218,628 by FY 2029.

### FISCAL ANALYSIS

#### Assumptions

1. Under current law, Student Scholarship Organizations (SSO) are required to notify the Department of Revenue of its intent to operate in the state before it can receive donations that qualify for the state's Student Scholarship Organization tax credit. The organization must also provide the department with an annual fiscal review of its accounts provided by an independent certified public accountant. If an organization fails to submit the fiscal review, the department may require the organization to cease all operations as a SSO and transfer all funds to a qualified SSO.
2. SB 253 changes the qualification requirements to function as a SSO in the state. Under the proposed changes, each SSO will need to be certified by the department every two years.
3. The bill removes the limitation that each student access only one education provider. Further, SSOs are required to maintain a public website providing a detailed description of the organization's application and award process, a list of qualified providers awarded scholarships the previous year, and a statement stating that the scholarships may be used at a qualified education provider of the parent's or guardian's choice. The department will also be required to provide links to the SSO's website and information on the scholarships.
4. SB 253 changes the reporting requirements of the annual fiscal review.
5. Changes made by this bill are not expected to impact the number of taxpayers claiming the Student Scholarship Organization credit.
6. However, the bill is going to require significantly more work by the department to:

- a. Set up and manage the biannual certification process
  - b. Manage a review, denial and appeal process for SSOs
  - c. Monitor and verify information reported by the SSO on their website
  - d. Review the additional SSO reporting requirements in the annual fiscal report
  - e. Provide information and links to each SSO on the department's website
7. These changes apply starting in tax year 2025.
  8. As amended, SB 253 stipulates that the legislative intent of the bill is for the Department of Revenue to implement the provisions of the bill with only 0.50 additional FTE.
  9. While the legislative intent of the bill is for only 0.50 additional FTE, the department will still require an additional unit manager and tax examiner to implement the additional requirements created by the amended SB 253. These additional 2.00 FTE will increase department expenditures by \$218,129 in FY 2026, \$212,213 in FY 2027, \$215,397 in FY 2028 and \$218,628 in FY 2029.

## Fiscal Analysis Table

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b><u>Fiscal Impact</u></b>				
FTE	2.00	2.00	2.00	2.00
<b>TOTAL Fiscal Impact</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>
<b><u>Expenditures</u></b>				
Personal Services	\$193,907	\$193,907	\$196,816	\$199,768
Operating Expenses	\$18,306	\$18,306	\$18,581	\$18,860
Equipment	\$5,916	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<b>\$218,129</b>	<b>\$212,213</b>	<b>\$215,397</b>	<b>\$218,628</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$218,129	\$212,213	\$215,397	\$218,628
<b>TOTAL Funding of Expenditures</b>	<b>\$218,129</b>	<b>\$212,213</b>	<b>\$215,397</b>	<b>\$218,628</b>
<b><u>Revenues</u></b>				
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$218,129)	(\$212,213)	(\$215,397)	(\$218,628)

## Technical Concerns

1. There are no timelines provided on when each qualification or change should be made. Clarification on when applications are due is necessary. In addition, there is no information on what existing SSOs would need to do in order to complete the certification process.
2. Section 2 provides at 15-30-3103(1)(a)(iii) that appeals of a denial of a certification are not appealable. It should be made clear that those appeals are "not subject to the provisions contained in 15-1-211, MCA."
3. The amended SB 253 indicates the legislative intent of the bill is that the department is to implement the bill with 0.50 FTE however, the fiscal note is to reflect the actual cost of implementation therefore, 2.00 FTE are the actual cost to the department to implement SB 253.

NO SPONSOR SIGNATURE

Sponsor's Initials

Date



Budget Director's Initials

3/25/2025

Date



## **SB 253 - Fiscal Rebuttal #2**

*This “new” fiscal note continues to be inaccurate, and all of my rebuttal points to the initial fiscal note remain valid. While I advocated for .25 FTE in Finance and Claims, the F&C Committee generously provided for .5 FTE for the very minor work that will be associated with this legislation. I have no idea why the OBPP is intent upon growing the size of government, but it is unnecessary in relation to this bill.*

This fiscal note is inaccurate, and I believe the cost is inflated without proper context.

The Dept. stated that they are creating an education unit within the Dept. of Revenue to handle ALL education related matters – not just this bill. To that extent, at best, this total cost would be spread out across all the current laws and future bills that may be signed into law during this session as it relates to education matters administered by the Dept. The total cost to administer this should be a fraction of the cost you see before you, and I will work with the Dept to clarify those items.

### **Technical Concerns**

Regarding the technical concerns, the issues raised could easily be done by guidance and rules from the Dept. As you can see in the bill in Section 2 on page 3....

*“...shall apply for certification, in a manner prescribed by the department...”*

Further, these student scholarship organizations already have to be certified and what this does is front end the approval process to make sure they are certified at the start in order to accept and administer scholarships. This is basic information that both the SSOs and the Dept of Revenue already have.

If the Dept needs us to put in dates to address technical concerns #1 and #2 we can do that. We can put a Sept. 1 date to receive the information so SSOs are in full compliance before the start of the year. This would give them 60 days to affirm or deny certification and additional 30 to rectify any denial. But, again, the bill already gives them guidance on when to outline this process.

Technical note 3 states there is no information on what existing SSOs would need to do in order to complete the certification process outlined in the bill. This is all outlined in section 2 of the bill which starts at the bottom of page 2 and continues on page 3 and page 4.

Technical note 4 already lists the recommendation language change.

Again, the information we are requesting in this process are for the most part being asked of the SSOs. They need to detail on their website their application and award process, number of scholarships given, and a list of qualified education providers receiving scholarships.

We are asking the Dept to add minor yet good accountability metrics to their website – a website they already has information listed – and all we’re asking is for them to add the number and amount of scholarships awarded to each qualified education provider and to post website links of these SSO.