



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **SB0253.01: Revise administrative and certification processes for student scholarship organizations**

Primary Sponsor: Sue Vinton Status: As Introduced

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

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

Department of Revenue

- 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 origination to cease all operations as a SSO and transfer all funds to a qualified SSO.
- 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.
- 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.
- SB 253 changes the reporting requirements of the annual fiscal review.
- 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. Overall, the department will require an additional unit manager and tax examiner as a result of the additional requirements created by SB 253. These additional 2.00 FTE will increase department expenditures by \$218,129 in FY 2026, 214740 in FY 2027, \$217,962 in FY 2028 and \$221,231 in FY 2029.

Fiscal Analysis Table

FTE	2.00	2.00	2.00	2.00
TOTAL Fiscal Impact	2.00	2.00	2.00	2.00
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
TOTAL Expenditures	\$218,129	\$212,213	\$215,397	\$218,628
General Fund (01)	\$218,129	\$212,213	\$215,397	\$218,628
TOTAL Funding of Expenditures	\$218,129	\$212,213	\$215,397	\$218,628
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
General Fund (01)	(\$218,129)	(\$212,213)	(\$215,397)	(\$218,628)

Technical Concerns**Department of Revenue**

1. There are no timelines provided on when each qualification or change should be made.
2. Clarification on when applications are due is necessary.
3. There is no information on what existing SSOs would need to do in order to complete the certification process.
4. Section 2 provides at 15-30-3103(1)(a)(iii), MCA, 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."

NO SPONSOR SIGNATURE

2/21



Sponsor's Initials

Date

Budget Director's Initials

2/21/2025

Date