



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **SB0253.03 (002): Revise administrative and certification processes for student scholarship organizations**

Primary Sponsor: Sue Vinton Status: As Amended in House 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<br/>Difference</u> | <u>FY 2027<br/>Difference</u> | <u>FY 2028<br/>Difference</u> | <u>FY 2029<br/>Difference</u> |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Expenditures</b>         |                               |                               |                               |                               |
| General Fund (01)           | \$103,000                     | \$103,000                     | \$0                           | \$0                           |
| <b>Revenues</b>             |                               |                               |                               |                               |
| General Fund (01)           | \$0                           | \$0                           | \$0                           | \$0                           |
| <b>Net Impact</b>           | <u>(\$103,000)</u>            | <u>(\$103,000)</u>            | <u>\$0</u>                    | <u>\$0</u>                    |
| <b>General Fund Balance</b> |                               |                               |                               |                               |

### Description of fiscal impact

SB 253, as amended, changes the qualifications for Student Scholarship Organizations (SSOs) operating in the state and sets new reporting requirements for the Department of Revenue. The includes a one-time-only, general fund appropriation of \$206,000 for implementation of the bill to the Department of Revenue.

### 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 also removes the limitation that each student access to a single education provider. It also requires SSOs to maintain a public website with information on the application and ward process, the 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 choice. The department will also be required to provide links to the SSO's website and information on the scholarships. The bill also changes the reporting requirements of the annual fiscal review.
- The changes made by this bill are not expected to impact the number of taxpayers claiming the Student Scholarship Organization credit.

4. 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
5. These changes apply starting tax year 2025.
6. As amended, SB 253 appropriates \$206,000 from the general fund, one-time-only, to the Department of Revenue for the 2027 Biennium beginning in FY 2026 for implementation of this bill.

## Fiscal Analysis Table

|  | <u>FY 2026</u><br><u>Difference</u> | <u>FY 2027</u><br><u>Difference</u> | <u>FY 2028</u><br><u>Difference</u> | <u>FY 2029</u><br><u>Difference</u> |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b><u>Fiscal Impact</u></b>  |                                     |                                     |                                     |                                     |
| <b><u>Expenditures</u></b>   |                                     |                                     |                                     |                                     |
| Operating Expenses   | \$103,000                           | \$103,000                           | \$0                                 | \$0                                 |
| <b>TOTAL Expenditures</b>  | <b>\$103,000</b>                    | <b>\$103,000</b>                    | <b>\$0</b>                          | <b>\$0</b>                          |
| <b><u>Funding of Expenditures</u></b>  |                                     |                                     |                                     |                                     |
| General Fund (01)  | \$103,000                           | \$103,000                           | \$0                                 | \$0                                 |
| <b>TOTAL Funding of Expenditures</b>   | <b>\$103,000</b>                    | <b>\$103,000</b>                    | <b>\$0</b>                          | <b>\$0</b>                          |
| <b><u>Revenues</u></b>   |                                     |                                     |                                     |                                     |
| <b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b> |                                     |                                     |                                     |                                     |
| General Fund (01)  | (\$103,000)                         | (\$103,000)                         | \$0                                 | \$0                                 |

## 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 in 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

4/22

Sponsor's Initials

Date



Budget Director's Initials

4/22/2025

Date