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## FISCAL IMPACT REPORT

SPONSOR: Wilson DATE TYPED: 2/18/03 HB 754

SHORT TITLE: Education Programs Tax Credit SB \_\_\_\_\_

ANALYST: Smith

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(1,000.0)	(2,000.0)	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates SB671

### SOURCES OF INFORMATION

Responses Received From

TRD

### SUMMARY

#### Synopsis of Bill

House Bill 754 provides a non-refundable personal income tax credit of \$100 for each resident who completes a six hour/three session course of premarital education and counseling or “marriage maintenance” presented by a licensed therapist or an official representative of a religious institution. Written certification of completion, provided to the persons engaging in these programs, must be attached to a personal income tax return

### FISCAL IMPLICATIONS

TRD notes that about 250,000 married returns and 285,000 single and head of household returns are filed annually showing at least \$100 in liability. If the credit could be limited to its intended recipients – people who would actually participate in counseling except for the cost – it might cost the General Fund only \$1 million or so. The incentive provided for tax avoidance, however, suggests the more realistically high “full year” figure.

## **ADMINISTRATIVE IMPLICATIONS**

TRD notes that the Department has no possible means of verifying the accuracy of the certificate, since attendance at sessions is largely a confidential matter. We would have no little but to accept the certificate at face value.

## **TECHNICAL ISSUES**

TRD notes these technical issues:

- A popular form of marriage maintenance is “couples’ weekend”. This form of counseling may or may not be eligible for this credit, since “three separate sessions” is not defined.
- “Premarital education”, “marriage maintenance”, “religious institution”, or “separate sessions” are not defined or qualified. Almost any activity conducted by almost anyone could qualify if the stakes are sufficient.
- A married couple, each of whom completes a marriage maintenance program is eligible for a \$200 credit

## **OTHER SUBSTANTIVE ISSUES**

Because this is a non-refundable credit, it will not benefit the approximately 25 percent of the state’s married population or the 40 percent of the state’s single and head of household population who do not have any tax liability.

SS/njw:sb