

speech, student council, homework club or other activities approved by the State Department of public Education.

The Taxation and Revenue Department (TRD) may require eligible taxpayers (who are not dependents of other taxpayers) to submit copies of appropriate receipts when claiming this credit.

FISCAL IMPLICATIONS

The resulting revenue loss to the general fund would be dependant upon the number of taxpayers who choose to make contributions to public schools for extracurricular activities. However, wide participation is expected since public schools are likely to widely publicize this credit.

TRD did not respond to the LFC's request for analysis of this bill. However, the resulting loss to the general fund could be considerable. For example, if the \$250.00 tax credit were claimed for only 15% of public school kindergarten through ninth grade students, the total loss in revenues would total \$9.8 million. This conservative estimate is based upon 2001 school year enrollment figures provided by the State Department of Education.

ADMINISTRATIVE IMPLICATIONS

This bill requires the TRD to design and distribute a standardized receipt format to be used by public schools to certify that contributions were used for extracurricular activities.

RLG/njw