

| Estimated Revenue Impact of AB 2109 As Amended May 12, 1998 Assumed To Be Effective From 1/01/98 (In \$Millions) | | | |
|---|---------|---------|---------|
| Fiscal Years | 1998/99 | 1999/00 | 2000/01 |
| T O T A L | (81) | (78) | (82) |

Any possible changes in employment, personal income, or gross state product that might result from this bill are not taken into account.

Tax Revenue Discussion

Revenue losses would be determined by the number of taxpayers paying fees for activities sponsored by qualified public schools, the amount of fees, and the tax liabilities of taxpayers.

According to data from the California Department of Education, the number of students enrolled in California public schools in grades K-12 was approximately 5.7 million during the 1997/98 school year.

To estimate the magnitude of potential revenue losses from this proposal, it was assumed that 5% of students would have taxpayers (individuals as well as businesses) paying an average amount of \$250 during the school year for students' participation in qualified activities. The number of payers and dollar amounts were grown annually by school enrollment growth rates as well as by 2.5% annual inflation rate.

With a deduction offset applied, revenue losses would be on the order of \$80 million per school year. It is projected that three-fourths of the impact would occur under the PIT law and the balance under the BCT law.