

HB 2427 -- School Choice Tax Credit Act

Sponsor: Jones (89)

This bill establishes the School Choice Tax Credit Act which, beginning with the 2011 tax year, authorizes an income tax credit for a taxpayer who donates to a scholarship-granting organization. The credit will be for the amount of the donation up to 50% of the taxpayer's tax liability. A corporation may also claim the credit for up to 50% of its tax liability with a \$300,000 maximum. The credit is nonrefundable but may be carried forward for three years. The cumulative amount of tax credits cannot exceed \$10 million per fiscal year. The Department of Revenue must allow a taxpayer to divert a prorated amount of state income tax withholdings to a scholarship-granting organization under procedures developed by the department.

Eligibility standards for students receiving scholarships include being eligible to attend public school in the preceding semester or beginning school in the state for the first time and a family income that does not exceed two and one-half times the level which qualifies the student for the federal Free or Reduced Price Lunch Program.

A scholarship-granting organization must meet requirements regarding tax-exempt status, fiscal soundness, percentage of revenues devoted to educational scholarships, ensuring that a specified percentage of its students were not previously enrolled in a nonpublic school, handling of scholarship checks, and public reporting. Participating schools must operate in the state of Missouri, comply with health and safety laws, certify that they do not discriminate in admissions, and provide accountability to the parent by regularly reporting on the student's progress. They must also comply with laws that require criminal background checks for employees and exclude anyone from employment who is not permitted by state law to work in a nonpublic school.

Scholarship-granting organizations must not grant scholarships for eligible students to attend a school that has paid staff or board members or relatives in common with the scholarship-granting organization.

The Department of Revenue must provide a standardized format for a receipt to be issued by an organization and for the required informational report. The department is authorized to conduct a financial review or audit of an organization if it possesses evidence of fraud and may bar an organization from participating in the program if the department determines that the organization has intentionally and substantially failed to comply with the bill's requirements. If debarment occurs, the department must

notify the affected scholarship students and their parents as quickly as possible.