

HCS HB 2068 -- SHOW ME A BRIGHTER FUTURE

SPONSOR: Fitzwater

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Elementary and Secondary Education by a vote of 8 to 6. Voted "Do Pass" by the Standing Committee on Rules-Administrative Oversight by a vote of 6 to 4.

The following is a summary of the House Committee Substitute for HB 2068.

For all tax years beginning on January 1, 2021, any taxpayer who makes a qualifying contribution to the "Show Me a Brighter Future Scholarship Fund" created in the bill may claim a tax credit equal to 100% of the total contribution. The amount of the tax credit claimed by an individual taxpayer or a married couple filing jointly shall not exceed 50% of the taxpayer's state tax liability for the year in which the credit is claimed, nor shall a corporate taxpayer claim a tax credit in excess of 50% of such taxpayer's state tax liability for the year.

The State Treasurer shall certify the tax credit amount to the taxpayer. Such credit may be carried forward to any of the taxpayer's three subsequent tax years. No tax credits authorized under the program shall be transferred, sold, or assigned, and are not refundable.

The cumulative amount of tax credits that may be allocated to all taxpayers contributing to the scholarship fund in the first year of the program shall not exceed \$25 million. If the amount of the tax credits claimed in the first tax year exceeds 90% of the tax credits available, the amount of tax credits available shall increase by 10% in the subsequent year and are capped at \$50 million. Tax credits shall be allocated by the State Treasurer on a first come, first served basis.

A taxpayer who makes a contribution to the scholarship fund shall not designate the student who will receive a scholarship grant. The State Treasurer shall adopt rules and procedures necessary to implement the provisions of this bill, including rules setting forth the order of preference for scholarship awards, reporting requirements, responsibilities of a parent of an eligible student, and responsibilities of an eligible student's district of residence.

Scholarship grants shall be provided to eligible students with a qualified tuition savings account.

This bill specifies that, an eligible student is any student who is a member of a household whose total annual income does not exceed an amount equal to two times the income standard used to qualify for free and reduced price lunch, who has attended a public school in the preceding semester or is starting school in the state for the first time, is currently receiving the scholarship grant, is a dependent of an active duty military who relocates to Missouri, or who is starting school in Missouri for the first time and is a sibling of a student already enrolled in the program.

The amount of scholarship grants awarded to eligible students shall be equal to the state adequacy target, and the amount of scholarship grants awarded to a special education eligible student shall be in an amount equal to the state adequacy target multiplied by 1.75.

Scholarship funds in a qualified tuition savings account shall only be used for payment of tuition at a qualifying school which includes private schools or any public school outside of eligible students district of residence. All private qualifying schools must meet standards outlined in the bill.

The procedure for awarding scholarship grants is outlined with preference given to eligible students who qualify for free lunch at the lowest performing districts.

The State Treasurer may bar a parent from future participation in the program if the State Treasurer establishes that the parent has intentionally spent scholarship grant funds for a purpose other than that allowed under the bill or by rule, and shall create a receipt to be issued to any taxpayer making a contribution. The State Treasurer shall publish a report on their website on this program after it has been in effect 6 years.

The bill changes the "Missouri Education Savings Program" in sections 166.400 to 166.455 RSMo by removing the word "savings" and aligning the term for "eligible education institution" to the Federal 529 of the Internal Revenue Code.

This bill is similar to SB 581 (2020).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROponents: Supporters say that this bill will be similar to 26 states across the country and provides opportunities for students that currently are in lower performing districts with little to no choice to have an opportunity to offset the cost of changing

districts or seeking private school opportunities. Children struggle and their education suffers when they are in an environment where they aren't accepted, school choice gives them educational opportunities. This avoids a constitutional conflict because tax credits are not state dollars and thus do not have restrictions for use for private or public schools.

Testifying for the bill were Representative Fitzwater; American Federation for Children; Scott Fitzpatrick, Missouri State Treasurers Office; Vinnie Clubb; Missouri Chamber of Commerce and Industry; Missouri Catholic Conference; Scott Williams, Christian Fellowship School; Del-Rio Swink Lee; Naiah Lee; Sandra Krausz; Missouri Education Reform Council; and The Heartland Institute.

OPPONENTS: Those who oppose the bill say that funding is a major concern, and that the amount of the scholarship would not cover funding for transportation which would limit those that could really benefit. Private schools do not have accountability, the state has established standards for a reason and to lower the amount of money available due to a tax credit inhibits the public schools from meeting the standards.

Testifying against the bill were School Administrators Coalition; Missouri State Teachers Association; Missouri National Education Association; American Federation Of Teachers-Missouri; and Ken Enloe.

OTHERS: Others testifying on the bill say that Christian schools are more accredited and that Missouri public schools fail in comparison to Christian schools. Furthermore, lower income students do take advantage of opportunities when offered.

Testifying on the bill was Kimberlee A. Gill, Summit Christian Academy Associaton.