

HCS HB 639 -- BETTY L. THOMPSON SCHOLARSHIP PROGRAM AND
EDUCATIONAL TAX CREDITS

SPONSOR: Hoskins (Cunningham, 86)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on
Urban Issues by a vote of 8 to 4.

This substitute establishes the Betty L. Thompson Scholarship Program and authorizes an individual and business tax credit for tax years beginning January 1, 2005, for contributions to certified nonprofit educational charitable organizations. These charitable organizations will distribute the funds to income eligible students residing in provisional or unaccredited school districts on a needs basis as defined in the substitute for expanded educational opportunities. These opportunities include grants to public schools, after-school programs, a second chance for dropouts to pursue a general education development (GED) or work program, tutorial assistance for public school students, and tuition and other educational expense assistance for students to transfer to a public school for participation in a voluntary desegregation transfer plan or to a nonpublic school. Contributions for the educational expenses of the taxpayer's dependent do not qualify for the credit.

The amount of the credit cannot exceed the tax liability of the taxpayer, but it can carry forward for up to four years. The amount of the tax credit is equal to 80% of the contribution, and the aggregate credit is capped at \$40 million with an annual adjustment for inflation. The Director of the Department of Economic Development is authorized to oversee and administer the credit, establish rules, and certify participating organizations.

Administrative costs for the certified nonprofit educational assistance organizations are provided through qualified contributions on a tiered schedule.

School districts may opt into this program. The eligible pupil count must be adjusted if a pupil no longer is enrolled or transfers to another school because of the receipt of a scholarship.

The substitute contains an emergency clause.

FISCAL NOTE: Estimated Effect on General Revenue Fund of a Cost of \$81,186 to an Income of \$850,000 in FY 2006, a Cost of \$78,536 to an Income of \$850,000 in FY 2007, and a Cost of \$80,587 to an Income of \$850,000 in FY 2008. No impact on Other State Funds in FY 2006, FY 2007, and FY 2008.

PROPONENTS: Supporters say that the bill will provide incentives for investment in scholarships for certain children in provisional or unaccredited school districts and will expand the educational opportunity and freedom it gives to parents to make the best decision for their child.

Testifying for the bill were Representative Cunningham (86); Lieutenant Governor; Urban League of Metropolitan St. Louis; Lisa Cross-Shelton; Missouri School Coalition; St. Joseph Institute of the Deaf; King for Educational Freedom Foundation; Missouri Council for Private Education; Missouri Association for Christian Schools; Missouri Associated Industries; Missouri Chamber of Commerce and Industry; Ptah Academy; Mark Bankbridge; Carver Christian Academy; Citizens for Educational Freedom; Missouri Catholic Conference; MOCAPE; Leslie Farr; and Betty Conally Denton.

OPPONENTS: Those who oppose the bill say that they believe this is a modified voucher system, and there is no consistent proof that private schools produce more productive students. Public money should not go to support private schools, and this may have a constitutional problem.

Testifying against the bill were National Education Association; Cooperating School Districts of Greater Kansas City; Cooperating School Districts of Greater St. Louis; AFL-CIO; Missouri Federation of Teachers and School Related Personnel; Missouri State Teachers Association; School Administrators Coalition; and Missouri School Boards Association.

Robert Triplett, Legislative Analyst