

HB 639 -- Betty L. Thompson Scholarship Program and Educational Tax Credits

Sponsor: Cunningham (86)

This bill 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 bill 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, transportation to a public school for which state and district funds are not available, 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 90% 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 bill contains an emergency clause.