

FIRST REGULAR SESSION

HOUSE BILL NO. 859

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES BAKER (25) (Sponsor), LAMPE, WALLACE, TALBOY,
MOORE, HODGES, NASHEED AND WRIGHT-JONES (Co-sponsors).

Read 1st time February 14, 2007 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

1031L.01I

AN ACT

To repeal section 160.542, RSMo, and to enact in lieu thereof two new sections relating to a tax credit for contributions to certain educational grant programs.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 160.542, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 135.640 and 160.542, to read as follows:

135.640. 1. This section shall be known and may be cited as the "School Intervention and Reform Grants Program Tax Credit".

2. As used in this section, the following terms mean:

(1) "Department", the department of economic development;

(2) "Director", the director of the department of economic development;

(3) "Program", the school intervention and reform grants program established in subsection 2 of section 160.542, RSMo;

(4) "Tax credit", a credit against the tax otherwise due under chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to 143.265, RSMo, or otherwise due under chapter 147 or 153, RSMo;

(5) "Taxpayer", any individual, firm, partner in a firm, corporation, or shareholder in an S corporation doing business in this state that is subject to the tax imposed in chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to 143.265, RSMo, any corporation subject to the tax imposed in chapter 147, RSMo, or any

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

15 express company which files a Missouri income tax return, is not a dependent of any other
16 taxpayer, and is subject to the tax imposed in chapter 153, RSMo.

17 **3. For all taxable years beginning on or after January 1, 2007, a taxpayer shall be**
18 **allowed a tax credit for contributions to the program. The tax credit amount shall be equal**
19 **to fifty percent of the amount the taxpayer contributed in the tax year for which the tax**
20 **credit is claimed. Unless the taxpayer has a filing status of single, head of household,**
21 **qualifying widow(er), or married filing combined, the amount of the tax credit issued shall**
22 **not exceed the amount of the taxpayer's state tax liability for the tax year for which the**
23 **credit is claimed. If the taxpayer has a filing status of single, head of household, qualifying**
24 **widow(er), or married filing combined, and the amount of the tax credit issued exceeds the**
25 **amount of the taxpayer's state tax liability for the tax year for which the credit is claimed,**
26 **the difference shall not be refundable but may be carried forward to any of the taxpayer's**
27 **three subsequent taxable years. Any tax credit granted under this section may be**
28 **transferred, sold, or assigned. The cumulative amount of tax credits which may be issued**
29 **under this section in any one fiscal year shall not exceed forty million dollars, and such**
30 **cumulative amount shall be adjusted annually based on the percentage of increase in the**
31 **Consumer Price Index for All Urban Consumers, as published by the Bureau of Labor**
32 **Statistics of the United States Department of Labor, or its successor index.**

33 **4. No tax credit shall be issued under this section for any of the taxpayer's**
34 **contributions made by the taxpayer or the taxpayer's agent on behalf of the taxpayer's**
35 **dependent, or in the case of a taxpayer that is a business, on behalf of the business's agent's**
36 **dependent.**

37 **5. The director shall establish a procedure by which the tax credit allowed in this**
38 **section shall be claimed. Upon approval of the issuance of the tax credit, the director shall**
39 **issue the taxpayer a certificate of tax credit, and shall certify the tax credit amount to the**
40 **department of revenue. The director shall establish a procedure to issue all tax credit**
41 **certificates allowed under this section in the order in which the claim for the tax credit was**
42 **received by the department.**

43 **6. The director shall annually certify the amount of funding for grants from the**
44 **program to the department of elementary and secondary education.**

45 **7. No amount of such contributions claimed under this section shall include any**
46 **amount of such contributions the taxpayer claimed as a deduction or credit on the**
47 **taxpayer's federal income tax return. Any amount of such contributions subtracted from**
48 **federal adjusted gross income or federal taxable income shall be added back in the**
49 **determination of Missouri adjusted gross income or Missouri taxable income before**
50 **claiming the tax credit under this section.**

51 **8. The department, in conjunction with the department of revenue and the**
52 **department of elementary and secondary education, may promulgate rules to implement**
53 **the provisions of this section. Any rule or portion of a rule, as that term is defined in**
54 **section 536.010, RSMo, that is created under the authority delegated in this section shall**
55 **become effective only if it complies with and is subject to all of the provisions of chapter**
56 **536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536,**
57 **RSMo, are nonseverable and if any of the powers vested with the general assembly**
58 **pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and**
59 **annul a rule are subsequently held unconstitutional, then the grant of rulemaking**
60 **authority and any rule proposed or adopted after August 28, 2007, shall be invalid and**
61 **void.**

62 **9. Under section 23.253, RSMo, of the Missouri Sunset Act:**

63 **(1) The provisions of the new program authorized under this section shall**
64 **automatically sunset six years after the effective date of this section unless reauthorized by**
65 **an act of the general assembly; and**

66 **(2) If such program is reauthorized, the program authorized under this section**
67 **shall automatically sunset twelve years after the effective date of the reauthorization of this**
68 **section; and**

69 **(3) This section shall terminate on September first of the calendar year immediately**
70 **following the calendar year in which the program authorized under this section is sunset.**

160.542. 1. (1) There is hereby established within the department of elementary and
2 secondary education, the "Research-based Reform Program", to be administered by the
3 commissioner of education. The program shall consist of grant awards made to public schools
4 from funds appropriated by the general assembly, demonstrating a commitment to undertake
5 whole-school reforms that research has shown to be effective in improving student performance
6 and sustaining measurable improvement after implementation. Grants shall require a matching
7 contribution from the school district in which the school is located and shall run for up to three
8 years. Funding for the second year shall be contingent upon each school's performance in setting
9 up the chosen program, and funding for the third year shall be contingent upon second-year
10 performance.

11 [2.] (2) The state board of education shall promulgate rules for the initial approval,
12 second- and third-year funding of grants made under the program. The rules shall contain a
13 method for determining the amount of the matching funds required from the district in which the
14 grantee school is located. Such rules shall include a list of research-based reform programs that
15 the state board of education determines can be reliably replicated under urban, suburban and rural
16 conditions. The list shall be coordinated with the federal Comprehensive School Reform

17 Initiative to enable Missouri schools to be eligible for the moneys made available by the federal
18 program. The department shall develop a method to evaluate the effectiveness of each school's
19 implementation of the chosen research-based program for purposes of granting or denying
20 second-year funding.

21 [3.] (3) The grant program shall provide sufficient technical assistance to ensure that
22 small schools that lack personnel with expertise in applying for grants are not prevented from
23 applying. [Added priority shall be given to schools which have been designated as academically
24 deficient pursuant to section 160.538.] Added priority shall be given to groups of schools that
25 form consortia for the purpose of applying for the grant funds as a means of encouraging schools
26 in isolated areas to participate. However, nothing in this subsection shall be construed as
27 prohibiting consortia in more densely populated areas of the state from seeking such priority on
28 grants under this program.

29 [4.] (4) The commissioner of education shall develop a procedure for evaluating the
30 effectiveness of the program described in this section. Such evaluation shall be conducted
31 annually with the results of the evaluation provided to the governor, the speaker of the house of
32 representatives and the president pro tempore of the senate.

33 [5. No rule or portion of a rule promulgated pursuant to the authority of this section shall
34 become effective unless it has been promulgated pursuant to the provisions of chapter 536,
35 RSMo.]

36 **2. (1) There is hereby established within the department of elementary and**
37 **secondary education the "School Intervention and Reform Grant Program", to be**
38 **administered by the commissioner of education. The program shall award grants from**
39 **funds acquired by contributions to the program to provisionally accredited or**
40 **unaccredited districts applying for the grants that demonstrate a commitment to undertake**
41 **reforms that research has shown to be effective in improving student performance and**
42 **sustaining measurable improvement after implementation. The grant program shall**
43 **provide sufficient technical assistance to ensure that small school districts that lack**
44 **personnel with expertise in applying for grants are not substantially prevented from**
45 **applying.**

46 **(2) Each grant made under this section shall be for a period of five years. Funding**
47 **for the second year of each grant shall be contingent upon each school's performance in**
48 **adopting the chosen method for reforms, and funding for the third, fourth, and fifth years**
49 **shall be contingent upon the stated goals outlined in the school's grant application.**

50 **(3) The state board of education shall promulgate rules for the approval of grants**
51 **made in the initial and subsequent years under this subsection. Such rules shall include**
52 **a list of research-based reform programs that the state board of education determines can**

53 be reliably replicated under urban, suburban, and rural conditions. The list shall contain
54 research-based reform initiatives that appear to improve student achievement as approved
55 by the department. Such reforms may include but are not limited to the following:

56 (a) Early childhood education;

57 (b) After school and other outside-school-time programs;

58 (c) Smaller class sizes in kindergarten through grade three and for classes taught
59 by probationary teachers as defined in section 168.104, RSMo;

60 (d) Systemic and sustained professional development targeted at improving student
61 achievement, meeting the department's standards for high quality professional
62 development, including but not limited to techniques for working in regular classrooms
63 with students with individualized education plans and students who are English language
64 learners;

65 (e) Governance reforms; and

66 (f) Alternative classrooms, and magnet and themed schools or schools-within-a-
67 school.

68 (4) Grant applicants may contract with consultants, and may use grant funds to
69 reimburse consultants. Grant applicants shall give priority to using consultants from the
70 college of education, or any institute within such college, of state universities categorized
71 as urban comprehensive or high or very high research activity institutions under the
72 Carnegie classifications, or cooperative organizations representing school districts in urban
73 areas.

74 (5) Added priority in awarding grants shall be given to:

75 (a) Schools that have been designated as not making adequate yearly progress
76 under the federal No Child Left Behind Act;

77 (b) Applicants whose grant applications address any of the recommendations for
78 high school redesign of the National Governors Association action agenda for improving
79 America's high schools;

80 (c) Applicants whose grant applications address community partnerships with
81 businesses or labor organizations, including apprenticeships; or

82 (d) Applicants whose grant applications address whole-child approaches to
83 academic achievement, including but not limited to family literacy.

84 (6) The commissioner of education shall develop a procedure for evaluating the
85 effectiveness of the program established in this subsection. Such evaluation shall be
86 conducted annually, and the results of the evaluation shall be provided to the governor, the
87 speaker of the house of representatives, and the president pro tempore of the senate.

88 **(7) Any rule or portion of a rule, as that term is defined in section 536.010, RSMo,**
89 **that is created under the authority delegated in this subsection shall become effective only**
90 **if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if**
91 **applicable, section 536.028, RSMo. This subsection and chapter 536, RSMo, are**
92 **nonseverable and if any of the powers vested with the general assembly under chapter 536,**
93 **RSMo, to review, to delay the effective date, or to disapprove and annul a rule are**
94 **subsequently held unconstitutional, then the grant of rulemaking authority and any rule**
95 **proposed or adopted after August 28, 2007, shall be invalid and void.**

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