

HB 808 -- Betty L. Thompson Tax Credit Scholarships

Sponsor: Bearden

This bill establishes the Betty L. Thompson Scholarship Program which authorizes a tax credit beginning with the 2007 tax year for taxpayers who donate to an educational assistance organization if the donations are not claimed on the taxpayer's federal income tax return. The credit is for 65% of the amount of the contribution and is nonrefundable but may be carried forward for three years or transferred. The cumulative amount of tax credits cannot exceed \$40 million annually, indexed for inflation. Scholarships may not exceed \$5,000, indexed for inflation. Thirty-two million dollars will be allotted for tax credit scholarships and \$8 million for public school foundations.

Eligibility standards for students receiving scholarships include a grade point average of 2.5 or less; residence in the St. Louis or Kansas City school district; attendance at a public school for the semester before a scholarship is granted or starting school in the state for the first time; and a family income no more than 35% above the qualifying line for the reduced school lunch program.

Educational assistance organizations must meet requirements for fiscal soundness, percentage of revenues devoted to educational scholarships, and public reporting. Private schools qualify to accept scholarship students by meeting requirements which include employee background checks and administering state student assessments, among others. The bill specifies how scholarship checks will be distributed.

Scholarships may also be used at public schools outside the eligible school districts and they will have the right of first acceptance of scholarship students. If the scholarship student attends another public school, the accepting school must take the educational scholarship funds instead of state funds owed to the accepting district.

The Joint Committee on Legislative Research will contract a study to measure student achievement, satisfaction with the program, and its impact on public and private schools.

The provisions of the bill will expire six years from the effective date.