HB 1539 -- Parent Empowerment and Choice Act

Sponsor: Jones (89)

This bill establishes the Parent Empowerment and Choice Act or the Parent Trigger Act which allows parents under certain circumstances to invoke interventions for a struggling school. If more than 50% of the parents whose children attend the school or a combination of more than 50% of the parents of students attending the school and the elementary or middle schools that normally enroll in a middle or high school sign a petition asking for an intervention, the local educational agency must implement the intervention requested within 180 days. The three school intervention models include a restart model, school closure, and educational choice. A restart model converts a school or closes and reopens it under a charter school operator or a charter or educational management organization. School closure occurs when a local educational agency closes a school and the students are enrolled in a higher-achieving district school in reasonable proximity, which may include charter schools or new schools for which achievement data are not available. If no such school exists, the district must implement the educational choice model, which is a tax credit scholarship program.

Any student who attends or would normally enroll in a school triggered for the educational choice option is considered an eligible student for purposes of receiving an educational choice tax credit scholarship. A scholarship covers all or part of the tuition and fees at a qualified public or nonpublic school, including transportation to a public school outside of the student's district of residence. A scholarship is based on donated funds which qualify, beginning in 2013, a taxpayer for the tax credit of up to 50% of the taxpayer's tax liability, not to exceed a credit of $300,000 for a corporation. A cap of $10 million in a fiscal year is placed on the tax credit. A tax credit may be carried forward for three years.

A scholarship granting organization accepting donations must meet the requirements of the bill, including demonstrating to the department that it is exempt from federal income tax as a 501(c)(3) organization under the Internal Revenue Code and ensuring that at least 90% of its revenue from donations is spent on scholarships. A scholarship granting organization must ensure that a school accepting its scholarship students complies with all health and safety codes, holds a valid occupancy permit if required, certifies that it will not discriminate in admissions on the basis of race, color, national origin, religion, or disability, and will report regularly to the student's parents on the student's academic progress. A scholarship granting organization that has paid staff, board members, or relatives of staff or members, in common with a school cannot provide scholarships to that school. The organization must report its total number and dollar amount of scholarships to the Department of Economic Development by June 1 for the previous year. The department will provide a standardized format for a receipt of a donation, which must accompany the taxpayer's tax return. The department is authorized to audit a scholarship granting organization and may bar it from the program if it finds intentional and substantial failure to comply. If the department bars an organization, it must notify the affected students and their parents as quickly as possible. The department must allow a taxpayer to divert a prorated amount of state income tax withholdings to a scholarship granting organization and must develop a procedure to facilitate this process.

The provisions regarding the tax credit program will expire December 31 six years after the effective date.