

HCS HB 349 -- RELATING TO EMPOWERMENT SCHOLARSHIP ACCOUNTS

This bill creates the "Missouri Empowerment Scholarship Accounts Program" and specifies that any taxpayer may claim a tax credit, not to exceed 50% of the taxpayer's state tax liability, for any qualifying contribution to an educational assistance organization. The cumulative amount of tax credits issued in any one calendar year begins at \$50 million and may be adjusted by the state treasurer annually based upon inflation with a maximum cap of \$75 million. The State Treasurer shall establish procedures for tax credits to be awarded to an educational assistance organization (EAO) on a first come first served basis, and if an EAO fails to use allocated credits the State Treasurer may reallocate credits to ensure that taxpayers may claim all available credits annually. Taxpayers making contributions may not designate the student that receives a scholarship, and EAO's shall meet certain requirements and provide specified information during an annual audit.

The State Treasurer shall provide a standardized format for a receipt to be issued by the EAO to indicate the value of a contribution received as well as a standardized format for EAOs to report the information. The State Treasurer or State Auditor may conduct an investigation if he or she possesses evidence of fraud committed by the EAO. The EAO may be barred from participating in the program if it is found to have intentionally and substantially failed to comply with certain requirements. In addition, the State Treasurer shall issue a report on the Missouri Empowerment Scholarship Accounts program five years after its effective date.

Each EAO will ensure that grants are distributed in a prioritized order, with students having an approved individualized education plan (IEP) or living in a household whose total annual income meets the income standard for free and reduced price lunches being the first priority. Each EAO shall ensure that student recipients are tested to measure learning gains in math and English, and report these results along with graduation rates, college attendance, and a parental survey as specified in the bill. The state treasurer shall provide this data to the public via a state website after the third year of collection.

A qualified student may receive a grant to be deposited in the student's Missouri Empowerment Scholarship Account if he or she is a resident of Missouri and resides in any county with a charter form of government or any city with at least 30,000 inhabitants, and has an IEP or is a member of a household whose total annual income does not exceed an amount equal to 200% of the income standard used to qualify for free and reduced price lunches and has attended a public school as specified in the bill or is entering Kindergarten or first grade. Missouri Empowerment Scholarship

Accounts are renewable on an annual basis. Moneys deposited into the account shall be used for specified services and fees, but may not be payments to any person related within the third degree of consanguinity to the qualified student. If a qualified student withdraws from the program, is disqualified from the program, or graduates, the student's account shall be closed and remaining funds shall be returned to the EAO for redistribution to other qualified students.

Beginning in the 2023-24 school year the bill requires the State Treasurer to conduct or contract for annual audits of empowerment scholarship accounts to ensure compliance.

Any person who is found to have knowingly used moneys granted under the provisions of this bill other than the purposes provided, shall be guilty of a class A misdemeanor.

The bill becomes effective in the fiscal year that the appropriation for pupil transportation under Section 163.161, RSMo, equals or exceeds 40% of the projected amount necessary to fully fund the public transportation state aid. Any year that transportation funding falls below this threshold no new scholarships shall be awarded.

The bill allows school districts for qualified students that receive a scholarship and leave their resident district to continue to be counted for state aid purposes for five years, or until criteria outlined in the bill are met. This provision will end five years after the effective date of the bill.