

SECOND SPECIAL SESSION



* Strike-Everything Amendment
[E] Emergency Clause
[P 105] Proposition 105 Clause
[P 108] Proposition 108 Clause
[LIV] Line Item Veto

Bill	Chapter	Short Title	Page
HB 2001	1 [E]	scholarships; disabled or displaced students	89-90

HB 2001 – Chapter 1 [E] – scholarships; disabled or displaced students

Beginning July 1, 2009, establishes “Lexie’s Law” as a new corporate income tax credit and insurance premium tax credit for voluntary contributions to a STO that provides educational scholarships or tuition grants to disabled students and displaced students in a foster care program. In the first fiscal year, the STO will give priority for scholarships and grants from these contributions to disabled students or displaced students in foster care programs currently receiving scholarships or grants under the state Programs.

Credits

- The amount of the corporate income and insurance premium tax credit is the amount of the voluntary contribution to the STO.
- The credit is in lieu of any deduction and if the contribution is more than the tax liability, the credit amount may be carried forward for five years. Co-owners or partnerships may each claim only their pro-rata share of the credit.
- The taxpayer can not designate the contribution for the direct benefit of any specific student.
- Insurance premium tax credits are not subject to any retaliatory tax.

DOR

- The aggregate amount of tax credits that is allowed in any fiscal year is \$5 million.
- DOR must pre-approve all corporate income and insurance premium tax credits, on a first come, first serve basis.
- Prohibits a taxpayer from claiming a dual credit for a single contribution under the tax credit for contributions to an STO for scholarships to students of low-income families and under the tax credit for contributions to an STO for scholarships to displaced or disabled students.
- Establishes an approval process within DOR that mirrors the process currently required for the corporate income tax credit for contributions to a STO for scholarships to students of low-income families.

STOs

- Requires STOs to use at least 90 percent of the contributions for education scholarships or tuition grants for qualified students who either:
 - Previously received a grant or scholarship from state programs for disabled students or displaced students in a foster care home to attend a private school. Priority will be given to these students in FY 2009-10.
 - Previously attended a public school for at least the first 100 days of the prior year and transferred to a qualifying school.
 - Received a scholarship or grant under one of the above provisions and continues to attend a qualified school.
- Limits the amount of the scholarship provided by the STO to the cost of tuition or 90 percent of the BSL, whichever is less.
- Requires the STO to provide scholarships or grants only to full time students. If a student leaves before completing the school year, the school must return the scholarship or grant (prorated for the amount of use) and the STO will use those refunds for scholarships or grants in the following year.
- Requires STOs that receive contributions under this program to allow DOR to verify that the scholarships or tuition grants are awarded to qualified students.

- Requires the STO to report pertinent information to DOR by June 30 each year regarding the program.
- Requires the STO to provide verification of their financial statements from an independent certified public accountant.
- Provides session law that allows a STO that receives voluntary contributions under the current corporate income tax credit program to provide scholarships or grants to students who previously received scholarships or grants in the 2008-2009 academic year under the state Programs for disabled students or displaced students under foster care.

ADE

- Requires ADE, upon request by a STO, to provide the amount computed that represents 90 percent of the BSL for a qualified student.
- Requires ADE to notify, in writing, any parent, authorized care provider or legal guardian of a qualifying student who had previously received a scholarship or grant during the 2008-2009 academic year that a new corporate income tax credit program is available for scholarships or grants these students. The notice will also be required to be posted on the ADE's website.

Miscellaneous

- Allows students who receive the scholarship or grant to attend any qualified school of their custodians' choice.
- Defines *custodian*, *qualified student*, and *qualified school*.
- Contains a purpose clause and adds the new corporate income tax credit to the Income Tax Credit Review Schedule to be reviewed in 2014.
- Contains a severability clause.