

HB 1702 -- Tax Credits for Education-Related Charitable Donations

Sponsor: Thompson

This bill authorizes an individual income tax credit for contributions of \$200 or more made to a Missouri nonprofit educational assistance organization. Contributions for the educational expenses of a taxpayer's dependent do not qualify. The amount of the tax credit will be equal to 50% of the contribution.

The amount of the tax credit cannot exceed the tax liability of the taxpayer in any one year. Any unused credit can be carried forward for four years.

The cumulative amount of tax credits cannot exceed \$10 million per fiscal year. The Director of the Department of Economic Development will establish a procedure to apportion the tax credits among all nonprofit educational assistance organizations.

The director will annually determine which organizations may be classified as nonprofit educational assistance organizations. The bill lists the conditions for qualification.

The bill allows the director to contract with a nonprofit educational assistance organization to be a designated nonprofit oversight organization to administer the program. Contributions are to be distributed to the educational assistance organization for student scholarships less up to 2% for administrative costs.

School boards of certain school districts may opt to participate in this program by adopting a resolution and submitting it to the Department of Elementary and Secondary Education.

The bill requires the eligible pupil count to be adjusted if a pupil no longer is enrolled or transfers to another school because of using the proceeds of an educational scholarship.

The tax credit will apply to all tax years beginning on or after January 1, 2004.