

HB 1783 -- Missouri Student Success Scholarships Tax Credit Program

Sponsor: Bearden

This bill establishes the Missouri Student Success Scholarships Tax Credit Program which authorizes a 100% tax credit beginning with the 2006 tax year for taxpayers who donate to a scholarship-granting organization if the donations are not claimed on the taxpayer's federal income tax return. The credit is non-refundable 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.

Eligibility standards for students receiving scholarships include a grade point average of 2.5 or less; residence in the St. Louis, Kansas City, or Wellston 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 which qualifies the student for the reduced lunch program.

Scholarship-granting 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 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. If the scholarship student attends another public school, the accepting school must take the educational scholarship funds in lieu of state funds owed to the accepting district. Public schools losing students to qualifying schools retain the state funding for that student for one school year.

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.