HB 417 -- Special Needs Scholarship Tax Credit

Sponsor: Scharnhorst

This bill establishes Bryce's Law which authorizes, beginning January 1, 2009, a tax credit for an individual who donates to a scholarship-granting organization if the donation is not claimed on the taxpayer's federal income tax return. The tax credit may be taken against income tax, corporate franchise tax, insurance premium tax, financial institutions tax, and express company tax liability. The credit will be for 80% of the amount of the contribution but cannot exceed 50% of the taxpayer's state tax liability, up to $800,000 per year, and is nonrefundable but may be carried forward for four years or transferred or sold for between 75% and 100% of its par value. The Director of the Department of Economic Development must determine, at least annually, which organizations may be classified as scholarship-granting organizations.

Eligibility standards for students receiving scholarships are attendance at a public school with an individualized education plan (IEP) or until enrollment in a Missouri school. Up to 10% of students with an IEP may receive a scholarship each year. 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 specified requirements including employee background checks and providing data as requested, among others. Scholarships may also be used at a public school outside the student's resident school district. The bill specifies how scholarship checks will be distributed.

The department must conduct a study to measure student achievement, satisfaction with the program, and its fiscal impact on the state and public schools and provide the General Assembly with a final copy of the evaluation by December 31, 2014. The department cannot use state funds for the study and may contract with one or more qualified researchers who have previous experience evaluating similar programs.

The provisions of the bill will expire December 31 six years from the effective date.