

HB 540 -- SHOW ME A BRIGHTER FUTURE

SPONSOR: Fitzwater

For all tax years beginning on January 1, 2022, any taxpayer who makes a qualifying contribution to the "Show Me a Brighter Future Scholarship Fund" created in the bill may claim a tax credit equal to 100% of the total contribution. The amount of the tax credit claimed by an individual taxpayer or a married couple filing jointly shall not exceed 50% of the taxpayer's state tax liability for the year in which the credit is claimed, nor shall a corporate taxpayer claim a tax credit in excess of 50% of such taxpayer's state tax liability for the year.

The State Treasurer shall certify the tax credit amount to the taxpayer. Such credit may be carried forward to any of the taxpayer's three subsequent tax years. No tax credits authorized under the program shall be transferred, sold, or assigned, and are not refundable.

The cumulative amount of tax credits that may be allocated to all taxpayers contributing to the scholarship fund in the first year of the program shall not exceed \$25 million. If the amount of the tax credits claimed in the first tax year exceeds 90% of the tax credits available, the amount of tax credits available shall increase by 10% in the subsequent year and are capped at \$50 million. Tax credits shall be allocated by the State Treasurer on a first come, first served basis.

A taxpayer who makes a contribution to the scholarship fund shall not designate the student who will receive a scholarship grant. The State Treasurer shall adopt rules and procedures necessary to implement the provisions of this bill, including rules setting forth the order of preference for scholarship awards, reporting requirements, responsibilities of a parent of an eligible student, and responsibilities of an eligible student's district of residence.

Scholarship grants shall be provided to eligible students with a qualified Tuition Savings Account.

This bill specifies that, an eligible student is any student who is a member of a household whose total annual income does not exceed an amount equal to two times the income standard used to qualify for free and reduced price lunch, who has attended a public school in the preceding semester or is starting school in the state for the first time, is currently receiving the Scholarship Grant, is a dependent of an active duty military who relocates to Missouri, or who is starting school in Missouri for the first time and is a

sibling of a student already enrolled in the program.

The amount of scholarship grants awarded to eligible students shall be equal to the state adequacy target, and the amount of scholarship grants awarded to a special education eligible student shall be in an amount equal to the state adequacy target multiplied by 1.75.

Scholarship funds in a qualified Tuition Savings Account shall only be used for payment of tuition at a qualifying school which includes private schools or any public school outside of eligible students district of residence. All private qualifying schools must meet standards outlined in the bill.

The procedure for awarding scholarship grants is outlined with preference given to eligible students who qualify for free lunch at the lowest performing districts.

The State Treasurer may bar a parent from future participation in the Program if the State Treasurer establishes that the parent has intentionally spent Scholarship Grant funds for a purpose other than that allowed under the bill or by rule, and shall create a receipt to be issued to any taxpayer making a contribution. The State Treasurer shall publish a report on their website on this Program after it has been in effect 6 years.

The bill changes the "Missouri Education Savings Program" in Sections 166.400 to 166.455 RSMo by removing the word "savings" and aligning the term for "eligible education institution" to the Federal 529 of the Internal Revenue Code.

This bill is similar to SB 581 and HCS HB 2068 (2020).