

HOUSE No. 2707

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act creating the great schools tax credit program..

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 The General laws are hereby amended by inserting after chapter 62 F the following
2 chapter:-

3 Chapter 62 G

4 Section 1.

5 “Program” means the Great Schools Tax Credit Program.

6 “Eligible student” means a student who:

7 is a member of a household whose total annual income during the year before he or she
8 receives an educational scholarship under this program does not exceed an amount equal to 2.5
9 times the income standard used to qualify for a free or reduced price lunch under the national
10 Free or Reduced Price Lunch Program established under 42 USC Section 1751 et seq. Once a
11 student receives a scholarship under this program, the student will remain eligible regardless of
12 household income until the student graduates high school or reaches 21 years of age;

was eligible to attend a public school in the preceding semester or is starting school in our state for the first time;

resides in our state while receiving an educational scholarship;

“Low-income eligible student” means a student who qualifies for free or reduced price lunch under the national Free or Reduced price Lunch Program established under 42 USC Section 1751 et seq.;

“Educational scholarships” means grants to student to cover all or part of the tuition and fees at either a qualified non-public school or a qualified public school, including transportation to a public school outside of a student’s resident school district.

“Qualified school” means either a public elementary and/or secondary school outside of the district in which a student resides or a non-public elementary and/or secondary school in our state that complies with all of the requirements of the program;

“Parent” includes a guardian, custodian or other person with authority to act on behalf of the child;

“Scholarship Granting Organization” means an organization that complies with the requirements of this program and provides education scholarships to students attending qualified schools of their parents’ choice.

“Department” means the state Department of Revenue;

Section 2.

A taxpayer who files a state income tax return and is not a dependent of another taxpayer may claim a credit for a contribution made to a scholarship granting organization;

B) The credit may be claimed by an individual taxpayer or a married couple filing jointly in an amount equal to the total contributions made to a scholarship granting organization during the taxable year for which the credit is claimed up to 50% of the taxpayer's tax liability;

An Individual taxpayer or a married couple filing jointly may carry forward a tax credit under this program for three years;

The credit may be claimed by a corporate taxpayer in an amount equal to the total contributions made to a scholarship granting organization for educational scholarships during the taxable year for which the credit is claimed up to 50% of the taxpayer's tax liability;

A corporate taxpayer may carry forward a tax credit under this program for three years;

Section 3.

Each scholarship granting organization shall:

notify the Department of its intent to provide educational scholarships to students attending qualified schools.

demonstrate to the Department that it has been granted exemption from the federal income tax as an organization described in Section 501 (c) (3) of the Internal Revenue Code.

provide a Department-approved receipt to taxpayers for contributions made to the organization.

ensure that at least ninety percent of its revenue from donations is spent on educational scholarships, and that all revenue from interest or investments is spent on educational scholarships.

spend each year a portion of its expenditures on scholarships for low-income eligible students equal to the percentage of low-income eligible students in the county where the scholarship granting organization expends the majority of its scholarships.

ensure that at least X% of first time recipients of educational scholarships were not continuously enrolled in a non-public school during the previous year.

distribute periodic scholarship payments as checks made out to a student's parent or guardian and mailed to the qualified school where the student is enrolled. The parent or guardian must endorse the check before it can be deposited.

cooperate with the Department to conduct criminal background checks on all of its employees and board members and exclude from employment or governance any individual(s) that might reasonably pose a risk to the appropriate use of contributed funds.

ensure that scholarships are portable during the school year and can be used at any qualified school that accepts the eligible student according to a parent's wishes. If a student moves to a new qualified school during a school year, the scholarship amount may be prorated.

demonstrate its financial accountability by:

submitting a financial information report for the organization that complies with uniform financial accounting standards established by the Department and conducted by a certified public accountant; and

72 having the auditor certify that the report is free of material misstatements.

73 demonstrate its financial viability, if they are to receive donations of \$50,000 or more
74 during the school years; by:

75 filing with the Department prior to the start of the school year a surety bond payable to
76 the state in an amount equal to the aggregate amount of contributions expected to be received
77 during the school year; or

78 filing with the Department prior to the start of the school year financial information that
79 demonstrates the financial viability of the scholarship granting organization.

80 Each scholarship granting organization shall ensure that participating schools that accept
81 its scholarship students will:

82 comply with all health and safety laws or codes that apply to non-public schools;

83 hold a valid occupancy permit if required by their municipality;

84 certify that they will not discriminate in admissions on the basis of race, color, national
85 origin, religion or disability;

86 Provide academic accountability to parents of the students in the program by regularly
87 reporting to the parent on the student's progress.

88 Scholarship granting organizations shall not provide educational scholarships for students
89 to attend any school with paid staff or board members, or relatives thereof, in common with the
90 scholarship granting support organization.

A scholarship granting organization shall publicly report to the Department by June 1 of each year the following information prepared by a certified public accountant regarding their grants in the previous calendar year:

the name and address of the student support organization;

the total number and total dollar amount of contributions received during the previous calendar year; and

the total number and total dollar amount of educational scholarships awarded during the previous calendar year; the total number and total dollar amount of educational scholarships awarded during the previous year to students qualifying for the federal free and reduced lunch program, and the percentage of first time recipients of educational scholarships who were continuously enrolled in a public school during the previous year.

Section 4.

The Department shall adopt rules and procedures consistent with this act as necessary to implement the program.

B) The Department shall provide a standardized format for a receipt to be issued by a scholarship granting organization to a taxpayer to indicate the value of a contribution received. The department shall require a tax payer to provide a copy of this receipt when claiming the Great Schools Tax Credit.

The Department shall provide a standardized format for scholarship granting organizations to report the information in section 4 (C) above.

111 The Department shall have the authority to conduct either a financial review or audit of a
112 student support organization if possessing evidence of fraud.

113 The Department may bar a scholarship granting organization from participating in the
114 program if the Department established that the scholarship granting organization has
115 intentionally and substantially failed to comply with the requirements in Section 4.

116 If the Department decides to bar a scholarship granting organization from the program, it
117 shall notify affected scholarship students and their parents of this decision as quickly as possible.

118 The Department shall allow a taxpayer to divert a prorated amount of state income tax
119 withholdings to a scholarship granting organization of the taxpayer's choice up to the maximum
120 credit allowed by law, including carry-over credits. The Department shall have the authority to
121 develop a procedure to facilitate this process.

122 Section 5.

123 all qualified schools shall be required to operate in our state.

124 All quailed schools shall comply with all state laws that apply to non-public schools
125 regarding criminal background checks for employees and exclude from employment any people
126 not permitted by state law to work in a non-public school.