HLS 17RS-691 ORIGINAL

2017 Regular Session

HOUSE BILL NO. 434

BY REPRESENTATIVE SMITH

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX/TAX REBATES: Reduces the amount of the rebate for taxpayer donations to school tuition organizations which provide scholarships for certain students to attend qualified schools

1 AN ACT

To amend and reenact R.S. 47:6301(A)(1) and (2)(c); relative to rebates for donations to school tuition organizations: to provide for the amount of the rebate for certain donations; to reduce the amount of the rebate; to provide for applicability; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

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Section 1. R.S. 47:6301(A)(1) and (2)(c) are hereby amended and reenacted to read as follows:

§6301. Rebates; donations to school tuition organizations

A.(1) There shall be allowed a rebate for donations a taxpayer makes during a taxable year to a school tuition organization which provides scholarships to qualified students to attend a qualified school. Upon making his donation, the donor shall indicate the duration of time which the school tuition organization may retain and carryforward his donation. The time may be indicated as being in perpetuity or for a stated period of time coinciding with a fiscal year of the state of Louisiana, the minimum of which shall not be less than twelve months or one fiscal year, whichever occurs later. In order to qualify for the rebate, the donation shall be made by a taxpayer who files a Louisiana income tax return. The amount of the rebate shall be equal to seventy percent of the actual amount of the taxpayer's donation used by a

Page 1 of 3

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1 school tuition organization to fund a scholarship to a qualified student, which shall 2 not include administrative costs. 3 (2) The rebate may be paid only after the conclusion of the school year and 4 only when all of the following requirements have been satisfied: 5 6 (c) If the qualified student is enrolled in public school on February first of 7 that school year pursuant to the definition of the student membership established by 8 the State Board of Elementary and Secondary Education, the amount of the rebate 9 shall be equal to seventy percent of the actual amount expended by the school tuition 10 organization on scholarships, which shall not include administrative costs and shall 11 be prorated as applicable. 12 13 Section 2. This Act shall become effective on July 1, 2017 and shall be applicable 14 to donations made on or after July 1, 2017 to a school tuition organization which provides 15 scholarships to qualified students to attend a qualified school.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 434 Original

2017 Regular Session

Smith

Abstract: Reduces the amount of the rebate for taxpayer donations to a school tuition organization (STO) that provides scholarships to qualified students to attend qualified schools <u>from</u> the actual amount of the donation used by the STO for a scholarship to 70% of the donation.

<u>Present law</u> authorizes a rebate for donations a taxpayer makes during a taxable year to a STO which provides scholarships for tuition and fees to qualified students to attend a qualified school. <u>Present law</u> prohibits more that 5% of a donation to be used by the STO for administrative or promotional costs.

<u>Present law</u> requires the donation to be made by a taxpayer who files a La. income tax return and provides that the amount of the rebate shall be equal to the actual amount of the taxpayer's donation used by the STO to fund a scholarship to a qualified student, excluding administrative costs.

<u>Proposed law</u> reduces the amount of the rebate <u>from</u> the actual amount of the taxpayer's donation used by the STO to fund a scholarship <u>to</u> 70% of the actual amount of the donation.

<u>Present law</u> authorizes the rebate to be paid after the conclusion of the school year when *all* of the following requirements have been satisfied:

- (1) The STO certifies to the Dept. of Education (DOE) that the donation has funded a scholarship for a qualified student.
- (2) The DOE verifies that the student was not enrolled in a public school in La. on Oct. 1st or Feb. 1st of that school year pursuant to the definition of the student membership established by the State Board of Elementary and Secondary Education (BESE) for purposes of the Minimum Foundation Program (MFP) formula and DOE certifies the student count.
- (3) If the qualified student is enrolled in public school on Feb. 1st of that school year, the amount of the rebate shall be equal to the actual amount expended by the STO on scholarships, excluding administrative costs and shall be prorated as applicable.

<u>Proposed law</u> retains <u>present law</u> but reduces the amount of the rebate <u>from</u> the actual amount expended by the STO on scholarships <u>to</u> 70% of the actual amount expended on scholarships.

Effective July 1, 2017, and shall be applicable to donations made on or after July 1, 2017 to a STO which provides scholarships to qualified students to attend qualified schools.

(Amends R.S. 47:6301(A)(1) and (2)(c))