

SENATE BILL 385

Q3
SB 715/09 – B&T

0lr1384
CF HB 946

By: **Senators DeGrange, Brinkley, Dyson, Klausmeier, McFadden, Peters, Reilly, and Stoltzfus**

Introduced and read first time: January 28, 2010

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: March 15, 2010

CHAPTER _____

1 AN ACT concerning

2 **Building Opportunities for All Students and Teachers (BOAST) in Maryland**
3 **Tax Credit**

4 FOR the purpose of allowing a credit against the State income tax for contributions
5 made to an eligible educational scholarship organization or an eligible
6 innovative educational organization; requiring the State Department of
7 Education to administer the tax credit; requiring an entity to submit an
8 application to be an eligible educational scholarship organization by a certain
9 date each year; requiring an entity to submit an application by a certain date
10 each year or qualify as a certain State–aided educational institution to be an
11 eligible innovative educational organization; requiring an eligible educational
12 scholarship organization or an eligible innovative educational organization to
13 meet certain qualifications; requiring a business entity to submit a certain
14 application within a certain time period and to make a contribution to an
15 eligible educational scholarship organization or an eligible innovative
16 educational organization and to provide certain notice within a certain time
17 period; requiring the Department to adopt certain regulations; requiring the
18 Department to approve certain applications within a certain time period and in
19 a certain manner; requiring the Department to rescind certain tax credit
20 certificates if certain notice is not provided within a certain time period;
21 providing limits on the amount of certain tax credits and the aggregate amount
22 of tax credits that may be approved by the Department in a calendar year;
23 establishing the Building Opportunities for All Students and Teachers Reserve
24 Fund; authorizing the Governor to include an appropriation to the Fund in the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 annual budget bill; requiring the Comptroller to transfer certain amounts from
 2 the Fund to the General Fund under certain circumstances; providing that
 3 certain unused tax credits may not be carried forward; requiring the
 4 Department to publish and update a certain list in a certain manner each year
 5 and to submit a certain report by a certain date each year; requiring a certain
 6 addition modification under the Maryland income tax if a certain tax credit is
 7 claimed; defining certain terms; providing for the application of this Act; and
 8 generally relating to a State income tax credit for contributions made to an
 9 eligible educational scholarship organization or an eligible innovative
 10 educational organization.

11 BY repealing and reenacting, without amendments,
 12 Article – Tax – General
 13 Section 10–205(a) and 10–306(a)
 14 Annotated Code of Maryland
 15 (2004 Replacement Volume and 2009 Supplement)

16 BY adding to
 17 Article – Tax – General
 18 Section 10–205(k), 10–306(g), and 10–728
 19 Annotated Code of Maryland
 20 (2004 Replacement Volume and 2009 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article – Tax – General**

24 10–205.

25 (a) In addition to the modification under § 10–204 of this subtitle, the
 26 amounts under this section are added to the federal adjusted gross income of a
 27 resident to determine Maryland adjusted gross income.

28 **(K) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES**
 29 **THE AMOUNT OF A CONTRIBUTION MADE TO AN ELIGIBLE EDUCATIONAL**
 30 **SCHOLARSHIP ORGANIZATION OR AN ELIGIBLE INNOVATIVE EDUCATIONAL**
 31 **ORGANIZATION FOR WHICH A CREDIT IS CLAIMED UNDER § 10–728 OF THIS**
 32 **TITLE.**

33 10–306.

34 (a) In addition to the modification under § 10–305 of this subtitle, the
 35 amounts under this section are added to the federal taxable income of a corporation to
 36 determine Maryland modified income.

1 **(G) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES**
2 **THE AMOUNT OF A CONTRIBUTION MADE TO AN ELIGIBLE EDUCATIONAL**
3 **SCHOLARSHIP ORGANIZATION OR AN ELIGIBLE INNOVATIVE EDUCATIONAL**
4 **ORGANIZATION FOR WHICH A CREDIT IS CLAIMED UNDER § 10-728 OF THIS**
5 **TITLE.**

6 **10-728.**

7 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
8 **MEANINGS INDICATED.**

9 **(2) “BUSINESS ENTITY” MEANS:**

10 **(I) A PERSON CONDUCTING OR OPERATING A TRADE OR**
11 **BUSINESS IN MARYLAND; OR**

12 **(II) AN ORGANIZATION OPERATING IN MARYLAND THAT IS**
13 **EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE**
14 **CODE.**

15 **(3) “CONTRIBUTION” MEANS A MONETARY DONATION.**

16 **(4) “DEPARTMENT” MEANS THE STATE DEPARTMENT OF**
17 **EDUCATION.**

18 **(5) “ELIGIBLE EDUCATIONAL SCHOLARSHIP ORGANIZATION”**
19 **MEANS AN ENTITY THAT:**

20 **(I) IS EXEMPT FROM FEDERAL TAXATION UNDER §**
21 **501(C)(3) OF THE INTERNAL REVENUE CODE;**

22 **(II) PROVIDES TUITION SCHOLARSHIPS TO:**

23 **1. STUDENTS ATTENDING ELIGIBLE NONPUBLIC**
24 **SCHOOLS IN THE STATE; AND**

25 **2. TEACHERS AT ELIGIBLE NONPUBLIC SCHOOLS IN**
26 **THE STATE FOR THE PURPOSE OF ASSISTING IN THE COST OF GRADUATE-LEVEL**
27 **COURSE WORK OR CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMS TO**
28 **MEET OR RETAIN STATE CERTIFICATION OR CERTIFICATION BY THE NATIONAL**
29 **BOARD FOR PROFESSIONAL TEACHING STANDARDS; AND**

30 **(III) MEETS THE REQUIREMENTS OF SUBSECTION (C)(1) OF**
31 **THIS SECTION.**

1 **(6) “ELIGIBLE INNOVATIVE EDUCATIONAL ORGANIZATION”**
2 **MEANS AN ENTITY THAT:**

3 **(I) IS EXEMPT FROM FEDERAL TAXATION UNDER §**
4 **501(C)(3) OF THE INTERNAL REVENUE CODE;**

5 **(II) PROVIDES GRANTS, SERVICES, OR PROGRAMS FOR:**

6 **1. PUBLIC SCHOOLS TO SUPPORT INNOVATIVE**
7 **EDUCATIONAL PROGRAMS THAT ARE NOT PART OF THE REGULAR ACADEMIC**
8 **PROGRAM OF A PUBLIC SCHOOL BUT THAT ENRICH THE CURRICULUM OR**
9 **ACADEMIC PROGRAM OF A PUBLIC SCHOOL IN ORDER TO ACHIEVE THE GOALS**
10 **OF THE BRIDGE TO EXCELLENCE IN PUBLIC SCHOOLS ACT OF 2002; OR**

11 **2. TEACHERS EMPLOYED BY PUBLIC SCHOOLS IN**
12 **THE STATE FOR THE PURPOSE OF MEETING OR RETAINING STATE**
13 **CERTIFICATION OR CERTIFICATION BY THE NATIONAL BOARD FOR**
14 **PROFESSIONAL TEACHING STANDARDS; AND**

15 **(III) MEETS THE REQUIREMENTS OF SUBSECTION (C)(2) OF**
16 **THIS SECTION.**

17 **(7) “ELIGIBLE NONPUBLIC SCHOOL” MEANS A KINDERGARTEN,**
18 **ELEMENTARY, OR SECONDARY SCHOOL THAT:**

19 **(I) HOLDS A CERTIFICATE OF APPROVAL FROM OR IS**
20 **REGISTERED WITH THE STATE BOARD OF EDUCATION;**

21 **(II) DOES NOT CHARGE TUITION THAT IS GREATER THAN**
22 **THE STATEWIDE AVERAGE PER PUPIL EXPENDITURE BY THE LOCAL EDUCATION**
23 **AGENCIES CALCULATED BY THE DEPARTMENT WITH EXCEPTIONS FOR SPECIAL**
24 **EDUCATION STUDENTS DETERMINED BY THE DEPARTMENT TO BE**
25 **APPROPRIATE; AND**

26 **(III) COMPLIES WITH TITLE VI OF THE CIVIL RIGHTS ACT**
27 **OF 1964, AS AMENDED.**

28 **(B) (1) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, A**
29 **BUSINESS ENTITY MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN**
30 **AMOUNT EQUAL TO 75% OF A CONTRIBUTION MADE TO AN ELIGIBLE**
31 **EDUCATIONAL SCHOLARSHIP ORGANIZATION OR AN ELIGIBLE INNOVATIVE**
32 **EDUCATIONAL ORGANIZATION.**

33 **(2) A CREDIT CLAIMED BY A BUSINESS ENTITY UNDER THIS**
34 **SECTION MAY NOT EXCEED \$200,000 ANNUALLY.**

1 **(C) (1) TO QUALIFY AS AN ELIGIBLE EDUCATIONAL SCHOLARSHIP**
2 **ORGANIZATION, AN ENTITY SHALL:**

3 **(I) APPLY TO THE DEPARTMENT ON OR BEFORE**
4 **DECEMBER 1 OF EACH YEAR;**

5 **(II) PROVIDE TUITION SCHOLARSHIPS TO STUDENTS**
6 **ATTENDING ELIGIBLE NONPUBLIC SCHOOLS OR TEACHERS WORKING AT**
7 **ELIGIBLE NONPUBLIC SCHOOLS;**

8 **(III) CONTRIBUTE OR IRREVOCABLY ENCUMBER:**

9 **1. AT LEAST 85% OF ANNUAL CASH RECEIPTS**
10 **RECEIVED AS THE RESULT OF CONTRIBUTIONS APPROVED FOR TAX CREDITS**
11 **UNDER THIS SECTION TOWARD TUITION SCHOLARSHIPS FOR STUDENTS OR**
12 **TEACHERS AT ELIGIBLE NONPUBLIC SCHOOLS AS PROVIDED UNDER THIS**
13 **SECTION; AND**

14 **2. NO MORE THAN 25% OF ANNUAL CASH RECEIPTS**
15 **RECEIVED AS THE RESULT OF CONTRIBUTIONS APPROVED FOR TAX CREDITS**
16 **UNDER THIS SECTION FOR GRANTS TO TEACHERS EMPLOYED AT ELIGIBLE**
17 **NONPUBLIC SCHOOLS UNDER THIS SECTION;**

18 **(IV) PROVIDE TUITION SCHOLARSHIPS TO AT LEAST FOUR**
19 **DIFFERENT ELIGIBLE NONPUBLIC SCHOOLS IN EACH CALENDAR YEAR;**

20 **(V) PROVIDE SCHOLARSHIPS ON A PRIORITY BASIS FIRST**
21 **TO STUDENT APPLICANTS WHO ARE ELIGIBLE FOR FREE AND REDUCED PRICE**
22 **MEALS BASED ON ELIGIBILITY REQUIREMENTS ESTABLISHED BY THE UNITED**
23 **STATES DEPARTMENT OF AGRICULTURE AND THEN TO OTHER STUDENT**
24 **APPLICANTS BASED ON FINANCIAL NEED;**

25 **(VI) SUBMIT TO THE DEPARTMENT THE APPLICATION AND**
26 **REVIEW PROCESS FOR APPROVAL OF TUITION SCHOLARSHIPS; AND**

27 **(VII) ON OR BEFORE JANUARY 1 OF EACH YEAR, SUBMIT**
28 **VERIFICATION TO THE DEPARTMENT THAT ALL REQUIREMENTS FOR**
29 **ELIGIBILITY UNDER THIS PARAGRAPH HAVE BEEN MET IN THE PRIOR**
30 **CALENDAR YEAR.**

31 **(2) TO QUALIFY AS AN ELIGIBLE INNOVATIVE EDUCATIONAL**
32 **ORGANIZATION, AN ENTITY SHALL:**

1 (I) 1. APPLY TO THE DEPARTMENT ON OR BEFORE
2 DECEMBER 1 OF EACH YEAR; OR

3 2. QUALIFY AS A STATE-AIDED EDUCATIONAL
4 INSTITUTION UNDER § 5-501 OF THE EDUCATION ARTICLE;

5 (II) PROVIDE GRANTS, SERVICES, OR PROGRAMS FOR:

6 1. PUBLIC SCHOOLS TO SUPPORT INNOVATIVE
7 EDUCATIONAL PROGRAMS THAT ARE NOT PART OF THE REGULAR ACADEMIC
8 PROGRAM OF A PUBLIC SCHOOL BUT THAT ENRICH THE CURRICULUM OR
9 ACADEMIC PROGRAM OF A PUBLIC SCHOOL IN ORDER TO ACHIEVE THE GOALS
10 OF THE BRIDGE TO EXCELLENCE IN PUBLIC SCHOOLS ACT OF 2002; OR

11 2. TEACHERS EMPLOYED BY PUBLIC SCHOOLS IN
12 THE STATE FOR THE PURPOSE OF MEETING OR RETAINING STATE
13 CERTIFICATION OR CERTIFICATION BY THE NATIONAL BOARD FOR
14 PROFESSIONAL TEACHING STANDARDS;

15 (III) CONTRIBUTE OR IRREVOCABLY ENCUMBER:

16 1. AT LEAST 85% OF ANNUAL CASH RECEIPTS
17 RECEIVED AS THE RESULT OF CONTRIBUTIONS APPROVED FOR TAX CREDITS
18 UNDER THIS SECTION FOR GRANTS, SERVICES, OR PROGRAMS FOR PUBLIC
19 SCHOOLS AND TEACHERS EMPLOYED AT PUBLIC SCHOOLS UNDER THIS
20 SECTION; AND

21 2. NO MORE THAN 25% OF ANNUAL CASH RECEIPTS
22 RECEIVED AS THE RESULT OF CONTRIBUTIONS APPROVED FOR TAX CREDITS
23 UNDER THIS SECTION FOR GRANTS, SERVICES, OR PROGRAMS FOR TEACHERS
24 EMPLOYED AT PUBLIC SCHOOLS UNDER THIS SECTION;

25 (IV) SUBMIT TO THE DEPARTMENT THE APPLICATION AND
26 REVIEW PROCESS FOR APPROVAL OF GRANTS, SERVICES, OR PROGRAMS; AND

27 (V) ON OR BEFORE JANUARY 1 OF EACH YEAR, SUBMIT
28 VERIFICATION TO THE DEPARTMENT THAT ALL REQUIREMENTS FOR
29 ELIGIBILITY UNDER THIS PARAGRAPH HAVE BEEN MET FOR THE PRIOR
30 CALENDAR YEAR.

31 (D) AT LEAST 45 DAYS PRIOR TO MAKING A CONTRIBUTION TO AN
32 ELIGIBLE EDUCATIONAL SCHOLARSHIP ORGANIZATION OR AN ELIGIBLE
33 INNOVATIVE EDUCATIONAL ORGANIZATION, A BUSINESS ENTITY SHALL APPLY
34 TO THE DEPARTMENT FOR AN INITIAL CREDIT CERTIFICATE.

1 **(E) THE DEPARTMENT SHALL:**

2 **(1) ADOPT REGULATIONS TO IMPLEMENT THIS SECTION;**

3 **(2) APPROVE ALL APPLICATIONS FOR TAX CREDITS UNDER THIS**
4 **SECTION ON A FIRST-COME, FIRST-SERVED BASIS;**

5 **(3) WITHIN 60 DAYS AFTER RECEIPT, APPROVE OR REJECT AN**
6 **ENTITY'S APPLICATION TO BECOME AN ELIGIBLE EDUCATIONAL SCHOLARSHIP**
7 **ORGANIZATION OR AN ELIGIBLE INNOVATIVE EDUCATIONAL ORGANIZATION;**

8 **(4) WITHIN 45 DAYS AFTER RECEIVING AN APPLICATION, ISSUE**
9 **AN INITIAL TAX CREDIT CERTIFICATE AS PROVIDED UNDER THIS SECTION**
10 **STATING THE MAXIMUM AMOUNT OF THE TAX CREDIT FOR WHICH A BUSINESS**
11 **ENTITY IS ELIGIBLE OR PROVIDE NOTICE OF REJECTION OF THE APPLICATION**
12 **THAT CONTAINS AN EXPLANATION OF THE REASON FOR REJECTION;**

13 **(5) WITHIN 45 DAYS AFTER RECEIVING NOTICE OF A**
14 **CONTRIBUTION MADE TO AN ELIGIBLE EDUCATIONAL SCHOLARSHIP**
15 **ORGANIZATION OR AN ELIGIBLE INNOVATIVE EDUCATIONAL ORGANIZATION,**
16 **ISSUE A FINAL CREDIT CERTIFICATE AS PROVIDED UNDER THIS SECTION; AND**

17 **(6) PUBLISH AN ANNUAL LIST OF ALL ELIGIBLE EDUCATIONAL**
18 **SCHOLARSHIP ORGANIZATIONS OR ELIGIBLE INNOVATIVE EDUCATIONAL**
19 **ORGANIZATIONS APPROVED BY THE DEPARTMENT.**

20 **(F) (1) AFTER THE DEPARTMENT HAS ISSUED AN INITIAL CREDIT**
21 **CERTIFICATE UNDER THIS SECTION, THE BUSINESS ENTITY SHALL HAVE 90**
22 **DAYS TO MAKE A CONTRIBUTION TO AN ELIGIBLE EDUCATIONAL SCHOLARSHIP**
23 **ORGANIZATION OR AN ELIGIBLE INNOVATIVE EDUCATIONAL ORGANIZATION**
24 **UNDER THIS SECTION.**

25 **(2) WITHIN 60 DAYS AFTER MAKING A CONTRIBUTION TO AN**
26 **ELIGIBLE EDUCATIONAL SCHOLARSHIP ORGANIZATION OR AN ELIGIBLE**
27 **INNOVATIVE EDUCATIONAL ORGANIZATION, A BUSINESS ENTITY SHALL**
28 **PROVIDE NOTICE TO THE DEPARTMENT OF THE CONTRIBUTION AND THE**
29 **AMOUNT OF THE CONTRIBUTION.**

30 **(3) IF A BUSINESS ENTITY FAILS TO MAKE A CONTRIBUTION TO**
31 **AN ELIGIBLE EDUCATIONAL SCHOLARSHIP ORGANIZATION OR AN ELIGIBLE**
32 **INNOVATIVE EDUCATIONAL ORGANIZATION WITHIN 90 DAYS AFTER RECEIVING**
33 **AN INITIAL CREDIT CERTIFICATE, THE DEPARTMENT SHALL RESCIND THE**
34 **INITIAL CREDIT CERTIFICATE.**

1 **(G) (1) IN THIS SUBSECTION, "RESERVE FUND" MEANS THE**
2 **BUILDING OPPORTUNITIES FOR ALL STUDENTS AND TEACHERS RESERVE**
3 **FUND ESTABLISHED UNDER PARAGRAPH (2) OF THIS SUBSECTION.**

4 **(2) (I) THERE IS A BUILDING OPPORTUNITIES FOR ALL**
5 **STUDENTS AND TEACHERS RESERVE FUND WHICH IS A SPECIAL CONTINUING,**
6 **NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE**
7 **AND PROCUREMENT ARTICLE.**

8 **(II) THE MONEY IN THE RESERVE FUND SHALL BE**
9 **INVESTED AND REINVESTED BY THE STATE TREASURER, AND INTEREST AND**
10 **EARNINGS SHALL BE CREDITED TO THE GENERAL FUND.**

11 **(3) (I) EXCEPT AS PROVIDED IN PARAGRAPH (7) OF THIS**
12 **SUBSECTION, THE DEPARTMENT MAY NOT ISSUE INITIAL TAX CREDIT**
13 **CERTIFICATES FOR CREDIT AMOUNTS IN THE AGGREGATE TOTALING MORE**
14 **THAN THE AMOUNT APPROPRIATED TO THE RESERVE FUND FOR THAT FISCAL**
15 **YEAR IN THE STATE BUDGET AS APPROVED BY THE GENERAL ASSEMBLY.**

16 **(II) IF THE AGGREGATE CREDIT AMOUNTS UNDER INITIAL**
17 **TAX CREDIT CERTIFICATES ISSUED IN A FISCAL YEAR TOTAL LESS THAN THE**
18 **AMOUNT APPROPRIATED TO THE RESERVE FUND FOR THAT FISCAL YEAR, ANY**
19 **EXCESS AMOUNT SHALL REMAIN IN THE RESERVE FUND AND MAY BE ISSUED**
20 **UNDER INITIAL TAX CREDIT CERTIFICATES FOR THE NEXT YEAR.**

21 **(III) FOR ANY FISCAL YEAR, IF FUNDS ARE TRANSFERRED**
22 **FROM THE RESERVE FUND UNDER THE AUTHORITY OF ANY PROVISION OF LAW**
23 **OTHER THAN UNDER PARAGRAPH (6) OF THIS SUBSECTION, THE MAXIMUM**
24 **CREDIT AMOUNTS IN THE AGGREGATE FOR WHICH THE DEPARTMENT MAY**
25 **ISSUE INITIAL TAX CREDIT CERTIFICATES SHALL BE REDUCED BY THE AMOUNT**
26 **TRANSFERRED.**

27 **(4) FOR EACH FISCAL YEAR, THE GOVERNOR MAY INCLUDE IN**
28 **THE BUDGET BILL AN APPROPRIATION TO THE RESERVE FUND.**

29 **(5) NOTWITHSTANDING THE PROVISIONS OF § 7-213 OF THE**
30 **STATE FINANCE AND PROCUREMENT ARTICLE, THE GOVERNOR MAY NOT**
31 **REDUCE AN APPROPRIATION TO THE RESERVE FUND IN THE STATE BUDGET AS**
32 **APPROVED BY THE GENERAL ASSEMBLY.**

33 **(6) (I) EXCEPT AS PROVIDED IN THIS PARAGRAPH, MONEY**
34 **APPROPRIATED IN THE RESERVE FUND SHALL REMAIN IN THE RESERVE FUND.**

1 **(II) 1. WITHIN 15 DAYS AFTER THE END OF EACH**
2 **CALENDAR QUARTER, THE DEPARTMENT SHALL NOTIFY THE COMPTROLLER AS**
3 **TO EACH FINAL CREDIT CERTIFICATE ISSUED DURING THE QUARTER OF:**

4 **A. THE MAXIMUM CREDIT AMOUNT STATED IN THE**
5 **INITIAL CREDIT CERTIFICATE; AND**

6 **B. THE FINAL CERTIFIED CREDIT AMOUNT.**

7 **2. ON NOTIFICATION THAT A FINAL CREDIT HAS**
8 **BEEN ISSUED, THE COMPTROLLER SHALL TRANSFER AN AMOUNT EQUAL TO**
9 **THE CREDIT AMOUNT STATED IN THE INITIAL CREDIT CERTIFICATE FROM THE**
10 **RESERVE FUND TO THE GENERAL FUND.**

11 **(7) EXCEPT AS PROVIDED IN PARAGRAPH (8) OF THIS**
12 **SUBSECTION, THE MAXIMUM TOTAL AMOUNT OF TAX CREDITS THAT THE**
13 **DEPARTMENT MAY ISSUE IN INITIAL CREDIT CERTIFICATES MAY NOT EXCEED**
14 **THE TOTAL AMOUNT APPROPRIATED TO THE RESERVE FUND FOR THAT FISCAL**
15 **YEAR IN THE STATE BUDGET AS APPROVED BY THE GENERAL ASSEMBLY.**

16 **(8) IF AN INITIAL CREDIT CERTIFICATE HAS BEEN RESCINDED BY**
17 **THE DEPARTMENT, THE DEPARTMENT MAY APPROVE ADDITIONAL INITIAL**
18 **CREDIT CERTIFICATES FOR OTHER BUSINESS ENTITIES THAT MAY NOT EXCEED**
19 **THE AMOUNT OF TAX CREDITS APPROVED IN THE INITIAL CREDIT**
20 **CERTIFICATES THAT WERE RESCINDED.**

21 **(9) IN EACH CALENDAR YEAR, THE DEPARTMENT MAY NOT**
22 **APPROVE INITIAL CREDIT CERTIFICATES THAT:**

23 **(I) EXCEED 60% OF THE TOTAL AMOUNT APPROPRIATED**
24 **TO THE RESERVE FUND FOR THAT FISCAL YEAR IN THE STATE BUDGET AS**
25 **APPROVED BY THE GENERAL ASSEMBLY FOR CONTRIBUTIONS TO ELIGIBLE**
26 **EDUCATIONAL SCHOLARSHIP ORGANIZATIONS; OR**

27 **(II) EXCEED 40% OF THE TOTAL AMOUNT APPROPRIATED**
28 **TO THE RESERVE FUND FOR THAT FISCAL YEAR IN THE STATE BUDGET AS**
29 **APPROVED BY THE GENERAL ASSEMBLY FOR CONTRIBUTIONS TO ELIGIBLE**
30 **INNOVATIVE EDUCATIONAL ORGANIZATIONS.**

31 **(H) ANY UNUSED AMOUNT OF THE CREDIT MAY NOT BE CARRIED OVER**
32 **TO ANY OTHER TAXABLE YEAR.**

33 **(I) (1) ON OR BEFORE JANUARY 10 OF EACH YEAR, THE**
34 **DEPARTMENT SHALL REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246**

1 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE
2 CREDITS APPROVED UNDER THIS SECTION.

3 (2) THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS
4 SUBSECTION SHALL INCLUDE FOR EACH BUSINESS ENTITY APPROVED TO
5 RECEIVE A FINAL CREDIT CERTIFICATE IN THE PRIOR CALENDAR YEAR:

6 (I) THE NAME AND ADDRESS OF THE BUSINESS ENTITY;

7 (II) THE NAME AND ADDRESS OF THE ELIGIBLE
8 EDUCATIONAL SCHOLARSHIP ORGANIZATION OR THE ELIGIBLE INNOVATIVE
9 EDUCATIONAL ORGANIZATION RECEIVING THE CONTRIBUTION; AND

10 (III) THE AMOUNT OF THE APPROVED FINAL CREDIT
11 CERTIFICATE.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 2010, and shall be applicable to all taxable years beginning after December 31,
14 2010.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.