

FIRST REGULAR SESSION

SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 360

102ND GENERAL ASSEMBLY

1153S.03C

KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 135.713, 135.714, and 166.700, RSMo, and to enact in lieu thereof three new sections relating to the educational scholarships.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 135.713, 135.714, and 166.700, RSMo,
2 are repealed and three new sections enacted in lieu thereof, to
3 be known as sections 135.713, 135.714, and 166.700, to read as
4 follows:

135.713. 1. Any taxpayer who makes a qualifying
2 contribution to an educational assistance organization after
3 August 28, 2021, may claim a credit against the tax
4 otherwise due under chapter 143, other than taxes withheld
5 under sections 143.191 to 143.265, and chapter 153 in an
6 amount equal to one hundred percent of the amount the
7 taxpayer contributed during the tax year for which the
8 credit is claimed. No taxpayer shall claim a credit under
9 sections 135.712 to 135.719 for any contribution made by the
10 taxpayer, or an agent of the taxpayer, on behalf of the
11 taxpayer's dependent or, in the case of a business taxpayer,
12 on behalf of the business's agent's dependent.

13 2. The amount of the tax credit claimed shall not
14 exceed fifty percent of the taxpayer's state tax liability
15 for the tax year for which the credit is claimed. The state
16 treasurer shall certify the tax credit amount to the

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

17 taxpayer. A taxpayer may carry the credit forward to any of
18 such taxpayer's four subsequent tax years. All tax credits
19 authorized under the program shall not be transferred, sold,
20 or assigned, and are not refundable.

21 3. The cumulative amount of tax credits that may be
22 allocated to all taxpayers contributing to educational
23 assistance organizations in any one calendar year shall not
24 exceed fifty million dollars[, which]. **Such** amount shall be
25 annually adjusted by the state treasurer for inflation based
26 on the Consumer Price Index for All Urban Consumers for the
27 Midwest region, as defined and officially recorded by the
28 United States Department of Labor or its successor, [such
29 annual increase will cease when the amount of tax credits
30 reach seventy-five million dollars] **and shall additionally**
31 **be annually adjusted by any percentage increase above the**
32 **threshold of forty percent of the projected amount necessary**
33 **to fully fund transportation aid funding for fiscal year**
34 **2021 as provided in subsection 5 of this section.** The state
35 treasurer shall establish a procedure by which, from the
36 beginning of the calendar year until August first, the
37 cumulative amount of tax credits shall be allocated on a
38 first-come, first-served basis among all educational
39 assistance organizations. If an educational assistance
40 organization fails to use all, or some percentage to be
41 determined by the state treasurer, of its allocated tax
42 credits during this period, the state treasurer may
43 reallocate these unused tax credits to those educational
44 assistance organizations that have used all, or some
45 percentage to be determined by the state treasurer, of their
46 allocated tax credits during this period. The state
47 treasurer may establish more than one period and reallocate
48 more than once during each calendar year. The state

49 treasurer shall establish the procedure described in this
50 subsection in such a manner as to ensure that taxpayers can
51 claim all the tax credits possible up to the cumulative
52 amount of tax credits available for the calendar year.

53 4. A taxpayer who makes a contribution to an education
54 assistance organization shall not designate the student who
55 will receive a scholarship grant.

56 5. The provisions of sections 135.712 to 135.719 and
57 sections 166.700 to 166.720 shall be effective in any fiscal
58 year immediately subsequent to any fiscal year in which the
59 amount appropriated for pupil transportation under section
60 163.161 equals or exceeds forty percent of the projected
61 amount necessary to fully fund transportation aid funding
62 for fiscal year 2021. If the amount appropriated for
63 transportation under section 163.161 in any succeeding year
64 falls below such amount, no additional scholarships for
65 newly qualified students shall be awarded.

135.714. 1. Each educational assistance organization
2 shall:

3 (1) Notify the state treasurer of its intent to
4 provide scholarship accounts to qualified students;

5 (2) Demonstrate to the state treasurer that it is
6 exempt from federal income tax under Section 501(c)(3) of
7 the Internal Revenue Code of 1986, as amended;

8 (3) Provide a state treasurer-approved receipt to
9 taxpayers for contributions made to the organization;

10 (4) Ensure that grants are distributed to scholarship
11 accounts of qualified students in the following order:

12 (a) Qualified students that have an approved
13 "individualized education plan" (IEP) developed under the
14 federal Individuals with Disabilities Education Act (IDEA),
15 20 U.S.C. Section 1400, et seq., as amended, or qualified

16 students living in a household whose total annual income
17 does not exceed an amount equal to one hundred percent of
18 the income standard used to qualify for free and reduced
19 price lunches;

20 (b) Qualified students living in a household whose
21 total annual income does not exceed an amount equal to two
22 hundred percent of the income standard used to qualify for
23 free and reduced price lunches; and

24 (c) All other qualified students;

25 (5) Ensure that:

26 (a) One hundred percent of its revenues from interest
27 or investments is spent on scholarship accounts;

28 (b) At least ninety percent of its revenues from
29 qualifying contributions is spent on scholarship accounts;
30 and

31 (c) Marketing and administrative expenses do not
32 exceed the following limits of its remaining revenue from
33 contributions:

34 a. Ten percent for the first two hundred fifty
35 thousand dollars;

36 b. Eight percent for the next five hundred thousand
37 dollars; and

38 c. Three percent thereafter;

39 (6) Distribute scholarship account payments either
40 four times per year or in a single lump sum at the beginning
41 of the year as requested by the parent of a qualified
42 student, not to exceed a total grant amount equal to the
43 state adequacy target as defined in section 163.011, **or for**
44 **a qualified student under paragraph (a) of subdivision (8)**
45 **of section 166.700 a total grant amount equal to all state**
46 **and federal moneys allocated to public schools on a per**
47 **capita basis to students with an individualized education**

48 **plan**, and calculated by the department of elementary and
49 secondary education, in the form of a deposit into the
50 scholarship account of the qualified student;

51 (7) Provide the state treasurer, upon request, with
52 criminal background checks on all its employees and board
53 members and exclude from employment or governance any
54 individual who might reasonably pose a risk to the
55 appropriate use of contributed funds, **provided that no**
56 **background check shall be required by the educational**
57 **assistance organization or the state treasurer for a parent**
58 **who educates their child at a home school as defined in**
59 **section 167.031;**

60 (8) Demonstrate its financial accountability by:

61 (a) Submitting to the state treasurer annual audit
62 financial statements by a certified public accountant within
63 six months of the end of the educational assistance
64 organization's fiscal year; and

65 (b) Having an auditor certify that the report is free
66 of material misstatements; and

67 (9) Ensure that participating students take the state
68 achievement tests or nationally norm-referenced tests that
69 measure learning gains in math and English language arts,
70 and provide for value-added assessment, in grades that
71 require testing under the statewide assessment system set
72 forth in section 160.518;

73 (10) Allow costs of the testing requirements to be
74 covered by the scholarships distributed by the educational
75 assistance organization;

76 (11) Provide the parents of each student who was
77 tested with a copy of the results of the tests on an annual
78 basis, beginning with the first year of testing;

79 (12) Provide the test results to the state treasurer
80 on an annual basis, beginning with the first year of testing;

81 (13) Report student information that would allow the
82 state treasurer to aggregate data by grade level, gender,
83 family income level, and race;

84 (14) Provide rates of high school graduation, college
85 attendance, and college graduation for participating
86 students to the state treasurer in a manner consistent with
87 nationally recognized standards;

88 (15) Provide to the state treasurer the results from
89 an annual parental satisfaction survey, including
90 information about the number of years that the parent's
91 child has participated in the scholarship program. The
92 annual satisfaction survey shall ask parents of scholarship
93 students to express:

94 (a) Their level of satisfaction with the child's
95 academic achievement, including academic achievement at the
96 schools the child attends through the scholarship program
97 versus academic achievement at the school previously
98 attended;

99 (b) Their level of satisfaction with school safety at
100 the schools the child attends through the scholarship
101 program versus safety at the schools previously attended;

102 (16) Demonstrate its financial viability, if it is to
103 receive donations of fifty thousand dollars or more during
104 the school year, by filing with the state treasurer before
105 the start of the school year a surety bond payable to the
106 state in an amount equal to the aggregate amount of
107 contributions expected to be received during the school year
108 or other financial information that demonstrates the
109 financial viability of the educational assistance
110 organization.

111 2. The annual audit required under this section shall
112 include:

113 (1) The name and address of the educational assistance
114 organization;

115 (2) The name and address of each qualified student for
116 whom a parent opened a scholarship account with the
117 organization;

118 (3) The total number and total dollar amount of
119 contributions received during the previous calendar year; and

120 (4) The total number and total dollar amount of
121 scholarship accounts opened during the previous calendar
122 year.

123 3. The state treasurer shall:

124 (1) Ensure compliance with all student privacy laws
125 for data in the state treasurer's possession;

126 (2) Collect all test results;

127 (3) Provide the test results and associated learning
128 gains to the public via a state website after the third year
129 of test and test-related data collection. The findings
130 shall be aggregated by the students' grade level, gender,
131 family income level, number of years of participation in the
132 scholarship program, and race; and

133 (4) Provide graduation rates to the public via a state
134 website after the third year of test and test-related data
135 collection.

136 4. An educational assistance organization may contract
137 with private financial management firms to manage
138 scholarship accounts with the supervision of the state
139 treasurer.

 166.700. As used in sections 166.700 to 166.720, the
2 following terms mean:

- 3 (1) "Curriculum", a complete course of study for a
4 particular content area or grade level, including any
5 supplemental materials;
- 6 (2) "District", the same meaning as used in section
7 160.011;
- 8 (3) "Educational assistance organization", the same
9 meaning as used in section 135.712;
- 10 (4) "Parent", the same meaning as used in section
11 135.712;
- 12 (5) "Private school", a school that is not a part of
13 the public school system of the state of Missouri and that
14 charges tuition for the rendering of elementary or secondary
15 educational services;
- 16 (6) "Program", the same meaning as used in section
17 135.712;
- 18 (7) "Qualified school", a home school as defined in
19 section 167.031 or any of the following entities that is
20 incorporated in Missouri and that does not discriminate on
21 the basis of race, color, or national origin:
- 22 (a) A charter school as defined in section 160.400;
- 23 (b) A private school;
- 24 (c) A public school as defined in section 160.011; or
- 25 (d) A public or private virtual school;
- 26 (8) "Qualified student", any elementary or secondary
27 school student who is a resident of this state and resides
28 in any county with a charter form of government or any [city
29 with at least thirty thousand inhabitants] **county in which**
30 **any portion of a city that has at least thirty thousand**
31 **inhabitants is located in such county**, who:
- 32 (a) Has an approved "individualized education plan"
33 (IEP) developed under the federal Individuals with

34 Disabilities Education Act (IDEA), 20 U.S.C. Section 1400,
35 et seq., as amended; or

36 (b) Is a member of a household [whose total annual
37 income does not exceed an amount equal to two hundred
38 percent of the income standard used to qualify for free and
39 reduced price lunches, and] **that** meets at least one of the
40 following qualifications:

41 a. Attended a public school as a full-time student for
42 at least one semester during the previous twelve months; or

43 b. Is a child who is eligible to begin kindergarten or
44 first grade under sections 160.051 to 160.055.

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