
DIGEST

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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 from the actual amount of the donation used by the STO for a scholarship to 70% of the donation.

Present law 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. Present law prohibits more than 5% of a donation to be used by the STO for administrative or promotional costs.

Present law 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.

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

Present law 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.

Proposed law retains present law but reduces the amount of the rebate from the actual amount expended by the STO on scholarships to 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))