

RÉSUMÉ DIGEST

ACT 377 (SB 95)

2017 Regular Session

Morrish

Prior law authorized a rebate for donations made to a school tuition organization (STO) by a taxpayer who files a Louisiana income tax return. The donation must be used by the STO to provide scholarships to qualified students to attend a qualified school. The amount of the rebate is equal to the actual amount of the taxpayer's donation used by an STO to fund a scholarship, exclusive of administrative costs.

New law replaces the rebate with a nonrefundable tax credit that is equal to the actual amount of the taxpayer's donation used by an STO to fund a scholarship, exclusive of administrative costs for all donations made after December 31, 2017. New law also specifies that in order to qualify for the credit, the taxpayer must be required to file a Louisiana income tax return.

New law provides the credit may be used in addition to any federal tax credit or deduction earned for the same donation, but prohibits the taxpayer from receiving any other state tax credit, exemption, exclusion, deduction or any other benefit for which the taxpayer has received a credit for the donation.

New law provides a three-year carryforward for credits that cannot be used in the year originally earned.

Prior law provided that the rebate may be paid only after the conclusion of the school year and after satisfaction of certain requirements. New law changes prior law by providing that the credit shall be earned at the time the donation is made.

Prior law required that an STO carryforward all funds in accordance with the duration of time indicated by the donor. Further, at the end of a fiscal year, a donor may request and receive a refund of any unused portion of his donation.

New law repeals prior law.

Prior law defined an "STO". New law retains prior law.

Prior law defined a "qualified school" and permits the Department of Education (DOE) to prohibit a school from participating in the rebate if the school does not conduct criminal background checks on its employees and exclude from employment any person not permitted by state law to work in a nonpublic school.

New law requires the DOE to bar a school that does not conduct such criminal background checks from participating in the program and require a school to exclude such persons prohibited from working in a nonpublic school from employment.

Prior law required the STO to provide a public report to the DOE regarding all scholarships awarded in the previous fiscal year which contains information regarding donations received, scholarships awarded in the previous fiscal year, and the actual tuition and fee amounts for attendance at each qualified school by Jan. 1st of each year.

New law provides that failure of the STO to report accurately and timely to the DOE shall result in the STO being barred from participating in the credit program for the current and upcoming academic years but authorizes the department to grant an extension of up to 30 days for good cause but for an STO to submit the information.

New law requires an STO to annually pay out or reserve for scholarships at least 75% of all donated monies. Reserved monies shall be designated for specific students who have been awarded a scholarship for the next school year or multiple school years. An STO is required to make an accounting on July 1st of each year with respect to all monies received as donations during the previous calendar year. Any donated monies retained by an STO as of July 1st that exceed 25% of all monies donated in all prior calendar years shall be remitted to the Department of Education for deposit into the state general fund.

Prior law required the DOE to ensure the public is aware of the scholarships, with an emphasis of parents in public schools with a letter grade "D" or "F". Further required the

department to provide requirements for STOs to adequately advertise the availability of scholarships to the public.

New law replaces the requirement that the STO advertise to the public with a requirement that the STO shall notify the public but otherwise retains prior law.

Effective upon signature of the governor (June 23, 2017).

(Amends R.S. 47:6301(A)(1), (2)(intro para), and (3), (B)(1)(a) and (c)(vii) and (ix) and (2)(a)(i), (C)(1)(d) and (e) and (2); adds R.S. 47:6301(B)(1)(c)(xii); repeals R.S. 47:6301(A)(2)(a), (b), and (c) and (D))