

**A-Engrossed**  
**House Bill 2291**

Ordered by the House April 18  
Including House Amendments dated April 18

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Education)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Creates tax credit for contributions to qualified scholarship granting organization. Authorizes qualified scholarship granting organization to grant scholarships to **low-income** eligible students for attendance at qualified public or private schools. Sets forth standards for scholarship granting organizations and qualifying schools.

**A BILL FOR AN ACT**

Relating to tax credit for contributions to education.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1. Sections 2 to 4 of this 2011 Act are added to and made a part of ORS chapter 315.**

**SECTION 2. As used in sections 2 to 4 of this 2011 Act:**

**(1) "Educational expenses" means expenses at a qualifying school for:**

**(a) Tuition and fees for educational services.**

**(b) Transportation related to educational activities.**

**(c) Educational materials, including books, school supplies, academic lessons, instructional software and academic curricula.**

**(d) Costs of participating in evaluation and performance reporting under ORS 329.085 and 329.105.**

**(2) "Educational scholarship" means a grant from a scholarship granting organization to a low-income eligible student to cover part or all of the educational expenses of the student.**

**(3) "Low-income eligible student" means a student who:**

**(a) Is a member of a household with total annual income, for the year preceding the year in which a student would receive an educational scholarship, that does not exceed the income standard used to qualify for a free or reduced-price lunch under the United States Department of Agriculture's current Income Eligibility Guidelines;**

**(b) Is a resident of this state;**

**(c) Is five years of age or older but not more than 21 years of age;**

**(d) Has not graduated from high school; and**

**(e)(A) Was enrolled in the student's resident school district in the previous year; or**

**(B) Was not enrolled in the student's resident school district in the previous year, but was eligible to attend a public school in this state in a preceding academic term or is starting**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 school in this state for the first time.

2 (4) "Parent" includes a legal guardian or custodian, or other person with legal authority  
3 to act on behalf of the student.

4 (5) "Qualifying school" has the meaning given that term in section 5 of this 2011 Act.

5 (6) "Scholarship granting organization" means an organization that has been certified by  
6 the Department of Revenue to receive taxpayer contributions under section 3 of this 2011  
7 Act and that:

8 (a) Distributes at least 90 percent of the taxpayer contributions on educational scholar-  
9 ships;

10 (b) Deposits all interest earnings and proceeds from investments in the educational  
11 scholarships;

12 (c) Qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue  
13 Code; and

14 (d) Submits a report to the department by June 1 of each year with information prepared  
15 by a certified public accountant regarding the scholarship grants awarded by the scholarship  
16 granting organization in the previous calendar year, under standards approved by the de-  
17 partment by rule.

18 **SECTION 3.** (1) A credit against the taxes otherwise due under ORS chapter 316, or under  
19 ORS chapter 317 or 318 if the taxpayer is a corporation, shall be allowed for contributions  
20 made to a scholarship granting organization during the tax year. The credit allowed under  
21 this section shall equal the amount of total contributions made to a scholarship granting  
22 organization for educational scholarships, up to 50 percent of the taxpayer's total state tax  
23 liability for the tax year.

24 (2) Any tax credit otherwise allowable under this section that is not used by the taxpayer  
25 in a tax year because the amount of the credit would exceed 50 percent of the taxpayer's  
26 state tax liability may be carried forward and offset against the taxpayer's tax liability for  
27 the next succeeding tax year. Any credit remaining unused in the next succeeding tax year  
28 may be carried forward and used in the second succeeding tax year, and likewise any credit  
29 not used in that second succeeding tax year may be carried forward and used in the third  
30 succeeding tax year, but may not be carried forward for any tax year thereafter.

31 (3) In the case of a credit allowed under this section for purposes of ORS chapter 316:

32 (a) A nonresident shall be allowed the credit under this section in the proportion provided  
33 in ORS 316.117.

34 (b) If a change in the status of a taxpayer from resident to nonresident or from nonres-  
35 ident to resident occurs, the credit allowed by this section shall be determined in a manner  
36 consistent with ORS 316.117.

37 (c) A husband and wife who file separate returns for a taxable year may each claim a  
38 share of the tax credit that would have been allowed on a joint return in proportion to the  
39 contribution of each.

40 (d) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or  
41 if the Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the  
42 credit allowed under this section shall be prorated or computed in a manner consistent with  
43 ORS 314.085.

44 (4) The Department of Revenue shall establish by rule policies and procedures for certi-  
45 fying taxpayers as eligible for the credits allowed under this section.

**SECTION 4. (1) A scholarship granting organization shall:**

(a) Distribute quarterly scholarship payments on or before September 1, December 1, March 1 and June 1 each school year, made out to the parent of a low-income eligible student who is awarded a scholarship from taxpayer contributions received under section 3 of this 2011 Act and delivered to the qualifying school where the low-income eligible student is enrolled. The parent must endorse the payment check before the payment check can be deposited by the qualifying school.

(b) Provide a receipt in a form approved by the Department of Revenue to taxpayers for their contributions made to the scholarship granting organization.

(c) Ensure that the maximum amount of a scholarship is not more than 80 percent of the amount of the statewide average of the General Purpose Grant per ADMw as calculated under ORS 327.013.

(d) Ensure that scholarships are granted to the parents of low-income eligible students.

(e) Conduct background checks on prospective and current employees and board members to determine any conviction of a crime or issuance of a judgment or injunction that bears a demonstrable relationship to the appropriate use of contributed funds.

(f) Ensure that:

(A) Scholarships are portable during the school year and may be used at any qualifying school that accepts the low-income eligible student for admission; and

(B) Scholarships are properly prorated among different qualifying schools if a low-income eligible student transfers between qualifying schools during a school year.

(g) Ensure that a qualifying school accepting low-income eligible students does not have paid staff or board members or family of paid staff or board members in common with the paid staff or board members or family of paid staff or board members of the scholarship granting organization. As used in this paragraph, "family" means a spouse, child, sibling or parent of the paid staff or board member.

(2) The Department of Revenue shall adopt rules necessary for the administration and enforcement of this section.

**SECTION 5. (1) As used in this section, "qualifying school" means a public or private school that accepts scholarship payments distributed under section 4 of this 2011 Act for low-income eligible students, as that term is defined in section 2 of this 2011 Act.**

(2) If the qualifying school is a private school, the qualifying school shall:

(a) Meet all criteria for registration under ORS 345.505 to 345.575;

(b) For the purpose of conducting criminal records checks under ORS 181.534, send to the Department of Education the fingerprints of each person described in ORS 326.603 (1)(a) to (d), and any other necessary information, and use the information from the criminal records check to exclude from employment any person who might reasonably pose a threat to the safety of students at the qualifying school; and

(c) Prior to September 1 of each year, provide a report to the Superintendent of Public Instruction that includes:

(A) The number of scholarship students enrolled at the qualifying school during the previous school year; and

(B) Academic assessment information based upon student assessment by the qualifying school during the previous school year, pursuant to rules for disclosure of student records adopted by the State Board of Education under ORS 326.565.

1        **SECTION 6.** Sections 2 to 4 of this 2011 Act apply to tax years beginning on or after  
2        **January 1, 2012.**

3        **SECTION 7.** Scholarships awarded under sections 2 to 4 of this 2011 Act are first avail-  
4        **able for the 2012-2013 school year.**

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