

By: Representative Smith (35th)

To: Education; Ways and Means

HOUSE BILL NO. 306

1 AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR TAXPAYERS WHO MAKE
2 CASH CONTRIBUTIONS TO SCHOOL TUITION ORGANIZATIONS; AND FOR
3 RELATED PURPOSES.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

5 SECTION 1. (1) Except as otherwise provided in subsection
6 (3), for any taxpayer who makes a voluntary cash contribution to a
7 school tuition organization, a credit against the taxes imposed by
8 this chapter shall be allowed in the amount provided in subsection
9 (2) of this section. For purposes of this section:

10 (a) "School tuition organization" means a charitable
11 organization in this state which is exempt from federal taxation
12 under Section 501(c)(3) of the Internal Revenue Code and which
13 allocates at least ninety percent (90%) of its annual revenue for
14 educational scholarships or tuition grants to children in order to
15 allow them to attend any qualified school of their parent's or
16 guardian's choice. To qualify as a school tuition organization,
17 the charitable organization may not limit the availability of
18 educational scholarships or tuition grants to only students of one
19 (1) school; and

20 (b) "Qualified school" means a nonpublic primary or
21 secondary school in this state which does not discriminate on the
22 basis of race, color, sex, handicap, familial status or national
23 origin and which maintains educational standards equivalent to the
24 standards established by the State Department of Education for the
25 state schools as outlined in the Approval Requirements of the
26 State Board of Education for Nonpublic Schools.

27 (2) The income tax credit provided in subsection (1) of this
28 section shall be equal to the amount of the voluntary cash
29 contribution to a school tuition organization during the taxable
30 year, not to exceed the lesser of Five Hundred Dollars (\$500.00)
31 or the amount of income tax imposed upon the taxpayer for the
32 taxable year reduced by the sum of all other credits allowable to
33 such taxpayer under the state income tax laws, except credit for
34 tax payments made by or on behalf of the taxpayer. In the case of
35 married individuals filing separate returns, each person may claim
36 an amount not to exceed one-half (1/2) of the tax credit which
37 would have been allowed for a joint return. Any unused portion of
38 the credit may be carried forward for the next five (5) succeeding
39 tax years.

40 (3) Any amount of cash contribution made by a taxpayer that
41 is applied toward the credit provided in this section may not be
42 used as a deduction by the taxpayer for state income tax purposes.

43 (4) The tax credit provided for in this section shall not be
44 allowed if the taxpayer designates the taxpayer's cash
45 contribution to the school tuition organization for the direct
46 benefit of any dependent of the taxpayer.

47 SECTION 2. Section 1 of this act shall be codified as a
48 separate section in Chapter 7, Title 27, Mississippi Code of 1972.

49 SECTION 3. Nothing in this act shall affect or defeat any
50 claim, assessment, appeal, suit, right or cause of action for
51 taxes due or accrued under the income tax laws before the date on
52 which this act becomes effective, whether such claims,
53 assessments, appeals, suits or actions have been begun before the
54 date on which this act becomes effective or are begun thereafter;
55 and the provisions of the income tax laws are expressly continued
56 in full force, effect and operation for the purpose of the
57 assessment, collection and enrollment of liens for any taxes due
58 or accrued and the execution of any warrant under such laws before
59 the date on which this act becomes effective, and for the

60 imposition of any penalties, forfeitures or claims for failure to
61 comply with such laws.

62 SECTION 4. This act shall take effect and be in force from
63 and after January 1, 1999.