

By: Representative Ketchings

To: Education; Ways and
Means

HOUSE BILL NO. 438

1 AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR TAXPAYERS WHO MAKE
2 CASH CONTRIBUTIONS TO SCHOOL TUITION ORGANIZATIONS AND FOR
3 TAXPAYERS WHO PAY FEES TO A PUBLIC SCHOOL FOR EXTRACURRICULAR
4 ACTIVITIES; AND FOR RELATED PURPOSES.

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

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

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

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

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

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

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

48 SECTION 2. (1) For any taxpayer who pays fees to a public
49 school located in this state for the support of extracurricular
50 activities of the public school, a credit against the taxes
51 imposed by this chapter shall be allowed in the amount provided in
52 subsection (2) of this section. For purposes of this section,
53 "extracurricular activities" means school sponsored activities
54 that require enrolled students to pay a fee in order to
55 participate, including fees for band and choral uniforms,
56 equipment or uniforms for varsity athletic activities, and
57 scientific laboratory materials.

58 (2) The income tax credit provided in subsection (1) of this
59 section shall be equal to the amount of the fees paid by the
60 taxpayer during the taxable year to a public school for

61 extracurricular activities, not to exceed the lessor of Two
62 Hundred Dollars (\$200.00) per taxable year or the amount of income
63 tax imposed upon the taxpayer for the taxable year reduced by the
64 sum of all other credits allowable to such taxpayer under the
65 state income tax laws, except credit for tax payments made by or
66 on behalf of the taxpayer. In the case of married individuals
67 filing separate returns, each person may claim an amount not to
68 exceed one-half (1/2) of the tax credit which would have been
69 allowed for a joint return. Any unused portion of the credit may
70 be carried forward for the next five (5) succeeding tax years.

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

74 SECTION 3. Section 1 of this act shall be codified as a
75 separate section in Chapter 7, Title 27, Mississippi Code of 1972.
76 Section 2 of this act shall be codified as a separate section in
77 Chapter 7, Title 27, Mississippi Code of 1972.

78 SECTION 4. Nothing in this act shall affect or defeat any
79 claim, assessment, appeal, suit, right or cause of action for
80 taxes due or accrued under the income tax laws before the date on
81 which this act becomes effective, whether such claims,
82 assessments, appeals, suits or actions have been begun before the
83 date on which this act becomes effective or are begun thereafter;
84 and the provisions of the income tax laws are expressly continued
85 in full force, effect and operation for the purpose of the
86 assessment, collection and enrollment of liens for any taxes due
87 or accrued and the execution of any warrant under such laws before
88 the date on which this act becomes effective, and for the
89 imposition of any penalties, forfeitures or claims for failure to
90 comply with such laws.

91 SECTION 5. This act shall take effect and be in force from
92 and after January 1, 1999.