

By: Smith (35th)

To: Ways and Means

HOUSE BILL NO. 1604

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

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 or the amount of income tax imposed upon the taxpayer for the
33 taxable year reduced by the sum of all other credits allowable to
34 such taxpayer under the state income tax laws, except credit for
35 tax payments made by or on behalf of the taxpayer. In the case of
36 married individuals filing separate returns, each person may claim
37 an amount not to exceed one-half (1/2) of the tax credit which
38 would have been allowed for a joint return. Any unused portion of
39 the credit may be carried forward for the next five (5) succeeding
40 tax years.

41 (3) Any amount of cash contribution made by a taxpayer that
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. Section 1 of this act shall be codified as a
49 separate section in Chapter 7, Title 27, Mississippi Code of 1972.

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

63 SECTION 4. This act shall take effect and be in force from

64 and after January 1, 2000.