

By: Representative Moore

To: Education; Ways and Means

HOUSE BILL NO. 1406

1 AN ACT TO CREATE THE "MISSISSIPPI PUT PARENTS IN CHARGE ACT;"
2 TO PROVIDE CREDITS FOR CERTAIN TAXES AND LICENSE FEES FOR TUITION
3 PAID TO PUBLIC OR INDEPENDENT SCHOOLS; TO PROVIDE CREDITS FOR
4 CERTAIN TAXES AND LICENSE FEES FOR CONTRIBUTIONS TO SCHOLARSHIP
5 GRANTING ORGANIZATIONS; TO PROVIDE FOR THE REGULATION,
6 REGISTRATION AND REPORTING OF SCHOLARSHIP GRANTING ORGANIZATIONS;
7 TO PROVIDE FOR REPORTING AND ACCOUNTABILITY OF THE IMPLEMENTATION
8 OF THIS ACT; AND FOR RELATED PURPOSES.

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

10 **SECTION 1.** This act may be cited as the "Mississippi Put
11 Parents in Charge Act."

12 **SECTION 2.** The purpose of this act is to:

- 13 (a) Restore parental control of education;
- 14 (b) Improve public school performance; and
- 15 (c) Expand educational opportunities for children of
16 families in poverty.

17 **SECTION 3.** As used in this act, unless otherwise required
18 by the context, the following terms shall have the following
19 meanings:

- 20 (a) "Average state per pupil expenditure" means, as
21 applicable, an amount determined annually by the Department of
22 Education not later than December 15 of each year. It should be
23 an estimate of spending for the then current school year, but
24 shall be no lower than actual per pupil spending for the preceding
25 school year, and no higher than one hundred ten percent (110%) of
26 actual per pupil spending for the preceding school year. The
27 commission shall determine an amount for qualifying students in
28 kindergarten through Grade 8 and an amount for qualifying students
29 in Grade 9 through Grade 12. The commission shall divide the

30 state's total expenditures for public education for the applicable
31 group by the total number of students in the applicable group.

32 (b) "State's total expenditures for public education"
33 means all direct and indirect expenditures by the state for the
34 applicable group, regardless of the source of funds but excluding
35 federal funds and local funds, and including, but not limited to,
36 expenditures by the State Department of Education, disbursements
37 to school districts for capital improvements funded from sources
38 other than state bond issues, and expenditures for debt service on
39 state bonds issued to fund school district capital improvements.

40 (c) "Total number of students" means the total number
41 of public school students in the state as calculated by using the
42 average daily attendance formula. Expenditures by the state for
43 public education that can not be attributed to a particular group
44 shall be allocated two-thirds (2/3) to the kindergarten through
45 Grade 8 group and one-third (1/3) to the Grade 9 through Grade 12
46 group.

47 (c) "Commission" means the State Tax Commission.

48 (d) "Independent school" means a school, other than a
49 public school, at which the compulsory attendance requirements of
50 Section 37-13-91 may be met and that does not discriminate based
51 on the grounds of race, color or national origin. Independent
52 school includes home schools.

53 (e) "Public school" means any public school in this
54 state which is in session each school year for at least one
55 hundred eighty (180) school days.

56 (f) "Qualifying student" means an individual:

57 (i) Who is enrolled at an independent school as a
58 full-time student, as determined by the school, for which the
59 school has a release of information form or who is taught at home;

60 (ii) Who is a resident of this state, and, if
61 enrolled in a public school, is not a resident of the school
62 district operating that public school;

63 (iii) Who is in kindergarten through Grade 12; and
64 (iv) Whose parent's or legal guardian's taxable
65 income for Mississippi income tax purposes for the immediately
66 preceding tax year is Seventy-Five Thousand Dollars (\$75,000.00)
67 or less. For purposes of determining if an individual is a
68 qualifying student, the amount of Seventy-five Thousand Dollars
69 (\$75,000.00) must be increased by Five Thousand Dollars
70 (\$5,000.00) for each exemption in excess of two (2) that is
71 claimed on the income tax return of the parents or legal guardian.

72 (g) "Receipt" means a document that a school issues to
73 the person that makes a tuition payment on behalf of a qualifying
74 student. The commission shall develop the form of the document
75 the content of which must be limited to and include, the name and
76 address of the school; the name, address and social security
77 number of the qualifying student on whose behalf the tuition was
78 paid; the name of the person paying the tuition; the names of all
79 other persons who have paid tuition, in chronological order,
80 during the then current calendar year on behalf of the qualifying
81 student prior to the payment for which the receipt is being issued
82 and including the total tuition paid by the named person; and the
83 date and amount of tuition paid and the aggregate amount of
84 tuition paid for the qualifying student. The document also must
85 contain in the chronological listing the date and amount of
86 tuition paid, or to be paid as evidenced by the notice of
87 scholarship award required to be submitted to the school as
88 provided in Section 15(2) of this act, by a scholarship granting
89 organization if the source of funds for the scholarship is monies
90 for which a credit may be claimed under this act. For a student
91 taught at home "receipt" means a document issued by the entity
92 receiving a payment for tuition, which contains the name of the
93 entity receiving the payment; the identity of the goods or
94 services purchased; the date and amount of tuition paid; and, if

95 the receipt is for personal services, the person's taxpayer
96 identification number.

97 (h) "Release of information form" means a form
98 developed by a school that states that a parent or the legal
99 guardian of the qualifying student consents to the release of the
100 information contained in the receipt and is consistent with the
101 requirements of 20 USCS 1232g, Family Educational Rights and
102 Privacy Act of 1974.

103 (i) "Scholarship granting organization" means an
104 organization that is exempt from taxation under Section 501(c)(3)
105 of the Internal Revenue Code, gives scholarships to qualifying
106 students from contributions that may be claimed as a credit under
107 this act, is organized under Mississippi law and has complied with
108 the provisions of this act.

109 (j) "School" means a public school or independent
110 school.

111 (k) "State" means the government of the State of
112 Mississippi.

113 (l) "Tuition" means the amount charged for attending a
114 public school when the student is not a resident of the school
115 district or for attending an independent school. Tuition includes
116 fees necessary for attending the respective school including, but
117 not limited to, enrollment fees and transportation fees. For
118 students taught at home, tuition means expenses incurred for
119 tutors, textbooks, school supplies, computers including hardware
120 and software, fees for membership in an association that sets the
121 academic standards for the student's home schooling program and
122 academic lessons including, but not limited to, science, math,
123 music, and art. Expenses for tutors or academic lessons may be
124 included in tuition only if the person providing the tutoring or
125 academic lessons is a person other than the student's parent or
126 legal guardian and who meets the requirements for providing the

127 service as set by the standard-setting entity for that student's
128 home school program. Tuition does not include athletic fees.

129 **SECTION 4.** The commission may promulgate regulations to aid
130 in the performance of its duties under this act.

131 **SECTION 5.** The commission may conduct examinations and
132 investigations whenever it believes that the provisions of this
133 act have been evaded or violated in any manner. All powers
134 possessed by the commission to conduct examinations and
135 investigations apply to examinations and investigations conducted
136 under this section.

137 **SECTION 6.** If a student wants to transfer to a different
138 school district, the board of trustees of the school district to
139 which the student wishes to transfer shall approve or disapprove
140 the transfer. If the board of trustees approves the transfer, the
141 board may estimate the tuition to charge the transferring student.

142 **SECTION 7.** (1) A person is allowed a tax credit for tuition
143 paid for qualifying students to attend a school. The credit may be
144 applied against the person's liability for taxes imposed under
145 Mississippi law. Limitations upon the total amount of liability
146 for taxes or license fees that can be reduced by the use of
147 another credit allowed for that tax or license fee must be
148 computed after the credit allowed by this section is used to
149 reduce a tax. The credit may be claimed only by the person who
150 actually paid the tuition except that if the credit is earned by
151 one (1) member of a controlled group of corporations, the credit
152 may be used and applied by that member and by another member of
153 the controlled group of corporations. More than one (1) person
154 may claim a credit for the payment of a portion of the qualifying
155 student's total tuition but only if the person actually paid the
156 portion and the total credit taken by all persons does not exceed,
157 in the aggregate, the limits set in this section. If the person's
158 receipt indicates that the aggregate tuition paid by all persons,
159 including scholarships from scholarship granting organizations if

160 the source of funds for the scholarship is monies for which a
161 credit may be claimed under Section 8 and 9 of this act, for the
162 qualifying student exceeds the credit which may be claimed under
163 this act, then that person may claim the credit only to the extent
164 that the person's tuition payment does not exceed the allowable
165 credit. No credit may be claimed by a person without a receipt.
166 The credit is nonrefundable. A credit claimed under this section
167 but not used in a taxable year may be carried forward for five (5)
168 years from the taxable year in which the credit is earned by the
169 taxpayer. Credits which are carried forward must be used in the
170 order earned.

171 (2) Except as otherwise provided in this section, the credit
172 claimed for each qualifying student under this act may not exceed
173 eighty percent (80%) of the projected average state per pupil
174 expenditure as determined by the Department of Education for the
175 grade group for the qualifying student which is determined based
176 on the highest grade the qualifying student is enrolled in during
177 the calendar year.

178 (3) Notwithstanding the provisions of subsection (2) of this
179 section, for qualifying students who are eligible for free or
180 reduced price meals or for free milk, as determined in accordance
181 with 7 CFR Part 245, Determining Eligibility for Free and Reduced
182 Price Meals and Free Milk in Schools, the credit claimed for each
183 of those qualifying students may not exceed the lesser of:

184 (a) One hundred percent (100%) of the actual tuition
185 paid during the taxable year; or

186 (b) One hundred percent of the dollar amount set
187 annually in subsection (2) of this section.

188 (4) (a) The credit may be taken for the 2006 tax year only
189 for qualifying students in kindergarten through Grade 4 as of the
190 fall 2006 semester or term, except that the credit may not be
191 taken for students who were enrolled in an independent school as
192 of October 1, 2004.

193 (b) The credit may be taken for the 2007 tax year only
194 for qualifying students in kindergarten through Grade 6 as of the
195 fall 2007 semester or term, except that the credit may not be
196 taken for students who were enrolled in an independent school as
197 of October 1, 2004.

198 (c) The credit may be taken for the 2008 tax year only
199 for qualifying students who were in kindergarten through Grade 8
200 as of the fall 2008 semester or term, except that the credit may
201 not be taken for students who were enrolled in Grades 2 through 8
202 in an independent school as of October 1, 2004.

203 (d) The credit may be taken for the 2009 tax year only
204 for qualifying students who were in kindergarten through Grade 10
205 as of the fall 2009 semester or term, except that the credit may
206 not be taken for students who were enrolled in Grades 5 through 10
207 in an independent school as of October 1, 2004.

208 (e) Beginning with the 2010 tax year, the credit may be
209 taken each year for a qualifying student as provided in this
210 section.

211 **SECTION 8.** A person is allowed a tax credit for
212 contributions to a scholarship granting organization that will be
213 used in accordance with Section (14)(1) of this act. The credit
214 may be applied against the person's liability for taxes imposed
215 under Mississippi law. Limitations upon the total amount of
216 liability for taxes that can be reduced by the use of another
217 credit allowed for that tax license fee must be computed after the
218 credit allowed by this section is used to reduce a tax liability.
219 The credit may be claimed only by the person who actually made the
220 contribution except that if the credit is earned by one (1) member
221 of a controlled group of corporations, the credit may be used and
222 applied by that member and by another member of the controlled
223 group of corporations. The credit is nonrefundable. A credit
224 claimed under this section but not used in a taxable year may be
225 carried forward for five (5) years from the taxable year in which

226 the credit is earned by the taxpayer. Credits which are carried
227 forward must be used in the order earned.

228 **SECTION 9.** A scholarship granting organization receiving
229 contributions for which the person claims a credit under this act
230 must segregate the contributions from other funds of the
231 scholarship granting organization.

232 **SECTION 10.** (1) A scholarship granting organization shall,
233 not later than thirty (30) days after its organization, register
234 with the commission as provided in this section. After that, the
235 scholarship granting organization shall, not later than January 31
236 of each year, renew its registration with the commission. Each
237 scholarship granting organization registering with the commission,
238 whether initial or renewal, shall pay a fee of One Hundred Dollars
239 (\$100.00).

240 (2) The registration must be in a form developed by the
241 commission and available both electronically and in paper form and
242 be limited to and include:

243 (a) The full name, address and telephone number of the
244 scholarship granting organization;

245 (b) The name, address and telephone number of the chief
246 administrative official of the scholarship granting organization;

247 (c) The names, addresses and telephone numbers of the
248 individuals who serve on the scholarship granting organization's
249 governing body;

250 (d) The scholarship granting organization's federal
251 taxpayer identification number;

252 (e) A statement of the scholarship granting
253 organization's status as a 501(c)(3) organization under the
254 Internal Revenue Code;

255 (f) A statement that the scholarship granting
256 organization does not discriminate in hiring on the basis of race,
257 color, national origin or disability; and

258 (g) Certification by an authorized official of the
259 scholarship granting organization that the information contained
260 on the registration statement is true and correct.

261 (3) A scholarship granting organization must file a
262 supplemental registration statement indicating a substantial
263 change in the information contained in the prior registration
264 statement within thirty (30) days after the date of the change.

265 (4) The commission may revoke or suspend the registration of
266 a scholarship granting organization for a violation of this act.

267 (5) Contributions to a scholarship granting organization
268 that is not registered with the commission or during the time that
269 the registration of the scholarship granting organization is
270 revoked or suspended do not qualify for the credit provided in
271 Sections 8 and 9.

272 **SECTION 11.** (1) Each scholarship granting organization, not
273 later than June 30 of each year, must file a report with the
274 commission covering that scholarship granting organization's
275 activities during the most recently completed calendar year.

276 (2) Each report must be in a form developed by the
277 commission and available both electronically and in paper form and
278 be limited to and include:

279 (a) The full name, address and telephone number of the
280 reporting scholarship granting organization;

281 (b) The name, address and telephone number of the chief
282 administrative official of the scholarship granting organization;

283 (c) The names, addresses and telephone numbers of the
284 individuals who serve on the scholarship granting organization's
285 governing body;

286 (d) The scholarship granting organization's federal
287 taxpayer identification number;

288 (e) A statement of the scholarship granting
289 organization's status as a 501(c)(3) organization under the
290 Internal Revenue Code;

291 (f) A statement of the monies received for which a
292 credit may be claimed under Sections 8 and 9 of this act during
293 the covered period including:

294 (i) A listing of the amounts expended by number
295 and amount of scholarships awarded by the school attended by the
296 scholarship recipient and by the public school district in which
297 the qualifying student would attend if the qualifying student were
298 attending a public school;

299 (ii) The total number and total dollar amount of
300 scholarships awarded, the total number and total dollar amount of
301 scholarships awarded to students eligible for free or reduced
302 price meals or for free milk, as determined under 7 CFR Part 245,
303 Determining Eligibility for Free and Reduced Price Meals and Free
304 Milk in Schools, and the percentage of first-time recipients of
305 scholarships who were enrolled in a public school in the year
306 prior to the award of the scholarship; and

307 (iii) The beginning balance for monies held for
308 administrative expenses, a listing of the expenditures, by
309 category, for administrative expenses including, but not limited
310 to, marketing materials, office supplies, legal services,
311 accounting services, rent, utilities, and compensation of
312 personnel and the ending balance for monies held for
313 administrative expenses;

314 (g) A copy of the scholarship granting organization's
315 annual financial and compliance audit of its accounts and records
316 conducted by an independent certified public accountant and in
317 accordance with regulations adopted by the commission; and

318 (h) Certification by an authorized official of the
319 scholarship granting organization that the information contained
320 in the report is true and correct.

321 (3) Information provided to the commission under this
322 section and Section 10 of this act is available for public
323 inspection and copying under the Freedom of Information Act. The

324 commission shall make information provided to the commission under
325 this section or Section 10 of this act accessible to the public
326 through the commission's web site.

327 **SECTION 12.** A scholarship granting organization shall notify
328 the commission whenever the scholarship granting organization
329 receives more than Five Hundred Thousand Dollars (\$500,000.00) of
330 contributions in the aggregate in a calendar quarter. The
331 notification must be filed with the commission not later than
332 thirty (30) days after the close of the calendar quarter and must
333 inform the commission of the total amount of contributions
334 received by the scholarship granting organization for the
335 reporting period.

336 **SECTION 13.** (1) Scholarship granting organizations that
337 receive or expect to receive Fifty Thousands Dollars (\$50,000.00)
338 or more of contributions in the aggregate in a calendar year shall
339 file and maintain with the commission a surety bond in favor of
340 the state executed by a surety company authorized to transact
341 business in this state. Instead of a surety bond, the scholarship
342 granting organization may file with the commission letters of
343 credit and certificates of deposit of financial institutions
344 located within the state in which deposits are guaranteed by the
345 federal government or any other financial instrument that the
346 commission considers appropriate. The amount of the surety bond,
347 letter of credit, certificate of deposit or any other instrument
348 filed with the commission must be in an amount equal to the
349 aggregate amount of contributions the scholarship granting
350 organization expects to receive during the calendar year. The
351 surety bond must be on a form approved by the commission. A
352 surety bond or financial instrument filed with the commission must
353 be conditioned to pay a person who sustains a loss as a result of:

354 (a) The scholarship granting organization's violation
355 of or failure to comply with any requirement of this act;

356 (b) The scholarship granting organization's
357 misapplication or misappropriation of funds received by it; or

358 (c) An act of fraud or dishonesty committed by the
359 scholarship granting organization in the administration of a
360 scholarship program.

361 (2) An aggrieved person may institute an action in the
362 county of the person's residence against the scholarship granting
363 organization or the surety, or both, to recover on the surety bond
364 or to recover from the letters of credit, certificates of deposit
365 or other financial instrument accepted by the commission.

366 **SECTION 14.** (1) Contributions to a scholarship granting
367 organization, which qualify for the credit provided in Sections 8
368 and 9 of this act, must be used by the scholarship granting
369 organization only for the purpose of providing scholarships to
370 qualifying students except that not more than five percent (5%) of
371 the contributions may be used for administrative expenses of the
372 scholarship granting organization including, but not limited to,
373 marketing materials, office supplies, legal services, accounting
374 services, rent, utilities and compensation of personnel. Students
375 taught at home are eligible for scholarships provided for in this
376 section.

377 (2) (a) Except as otherwise provided in this section, in a
378 calendar year, a scholarship granting organization may not award a
379 scholarship to a qualifying student, which exceeds eighty percent
380 (80%) of the projected average state per pupil expenditure as
381 determined by the Department of Education for the grade group for
382 the qualifying student, which is determined based on the grade for
383 which the scholarship applies.

384 (b) Notwithstanding the provisions of paragraph (a) of
385 this section, if the qualifying student is classified as educable
386 mentally handicapped, learning disabilities handicapped or speech
387 handicapped, then, regardless of the grade for the qualifying
388 student, a scholarship granting organization may not award a

389 scholarship to the qualifying student, which exceeds the lesser of
390 either eighty percent (80%) of the amount of the tuition at the
391 qualifying student's school or eighty percent (80%) of Five
392 Thousand Six Hundred Dollars ((\$5,600.00). If the qualifying
393 student is classified as trainable mentally handicapped,
394 emotionally handicapped, orthopedically handicapped or homebound,
395 then, regardless of the grade for the qualifying student, a
396 scholarship granting organization may not award a scholarship to
397 the qualifying student, which exceeds the lesser of either eighty
398 percent (80%) of the amount of the tuition at the qualifying
399 student's school or eighty percent (80%) of Seven Thousand Dollars
400 (\$7,000.00). If the qualifying student is classified as visually
401 handicapped, hearing handicapped or autistic, then, regardless of
402 the grade for the qualifying student, a scholarship granting
403 organization may not award a scholarship to the qualifying
404 student, which exceeds the lesser of either eighty percent (80%) of
405 the amount of the tuition at the qualifying student's school or
406 eighty percent (80%) of Ten Thousand Dollars (\$10,000.00). If a
407 qualifying student may be classified in more than one (1)
408 classification, the classification with the higher dollar amount
409 must be used.

410 (3) Notwithstanding the provisions of subsection (2) of this
411 section, for a qualifying student who is eligible for free or
412 reduced price meals or for free milk, as determined under 7 CFR
413 Part 245, Determining Eligibility for Free and Reduced Price Meals
414 and Free Milk in Schools, the scholarship from the scholarship
415 granting organization may not exceed the lesser of either one
416 hundred percent (100%) of the amount of the tuition at the
417 qualifying student's school or one hundred percent (100%) of the
418 dollar amounts set annually in subsection (2).

419 (4) (a) For calendar year 2006, a scholarship granting
420 organization may award a scholarship only to qualifying students
421 who:

422 (i) Are in kindergarten through Grade 4 as of the
423 fall 2006 semester or term; and

424 (ii) Were not enrolled in an independent school as
425 of October 1, 2004.

426 (b) For calendar year 2007, a scholarship granting
427 organization may award a scholarship only to qualifying students
428 who:

429 (i) Are in kindergarten through Grade 6 as of the
430 fall 2007 semester or term; and

431 (ii) Were not enrolled in an independent school as
432 of October 1, 2004.

433 (c) For calendar year 2008, a scholarship granting
434 organization may award a scholarship only to qualifying students
435 who:

436 (i) Are in kindergarten through Grade 8 as of the
437 fall 2008 semester or term; and

438 (ii) Were not enrolled in Grades 2 through 8 in an
439 independent school as of October 1, 2004.

440 (d) For calendar year 2009, a scholarship granting
441 organization may award a scholarship only to qualifying students
442 who:

443 (i) Are in kindergarten through Grade 10 as of the
444 fall 2009 semester or term; and

445 (ii) Were not enrolled in Grades 5 through 10 in
446 an independent school as of October 1, 2004.

447 (e) Beginning with calendar year 2010, a scholarship
448 granting organization may award a scholarship each year to
449 qualifying students as provided in this section.

450 (5) A qualifying student may receive a scholarship from more
451 than one (1) scholarship granting organization; however, the total
452 amount of the scholarships received from all scholarship granting
453 organizations may not exceed the calendar year limits as
454 established in this section.

455 SECTION 15. (1) A scholarship granting organization, within
456 thirty (30) days after the day on which a person makes a
457 contribution to the scholarship granting organization, shall
458 provide to the person a written statement containing the name and
459 address of the scholarship granting organization, the name of the
460 person making the contribution, the amount of the contribution,
461 the date of the contribution and certifying that the contribution
462 must be used in accordance with this act. The written statement
463 must inform the person that the statement is provided under this
464 section and that the scholarship granting organization is
465 segregating the contribution from other funds of the scholarship
466 granting organization as required by the provisions of Sections 8
467 and 9 of this act relating to tax credits for contributions to
468 scholarship granting organizations.

469 (2) When a scholarship granting organization makes a
470 determination to award a scholarship to a qualifying student from
471 monies for which a credit may be claimed under Sections 8 and 9 of
472 this act, the scholarship granting organization immediately shall
473 notify the school, at which the scholarship will be applied, of
474 the award of the scholarship. The school immediately shall enter
475 the information from the notice of scholarship award on the
476 receipt applicable to the qualifying student. The school shall
477 return to the scholarship granting organization monies from the
478 scholarship, which exceeds the credit applicable to the qualifying
479 student under Section 7 of this act. In deciding whether monies
480 must be returned to the scholarship granting organization, the
481 school shall review the chronological record of tuition payments
482 by or on behalf of the qualifying student including the date and
483 amount contained on the notice of scholarship award. If the
484 chronological record reflects that the date and amount of payment
485 of tuition by scholarship, including the date and amount indicated
486 on the notice of scholarship award, and tuition payments received
487 before the scholarship activity causes the credit applicable to

488 the qualifying student to be exceeded, then the school shall
489 return the scholarship monies that exceed the credit to the
490 scholarship granting organization.

491 (3) Scholarship granting organizations must make
492 scholarship payments by check payable to the qualifying student's
493 parents or legal guardian and to the school at which the
494 scholarship is to be used. The check may be delivered or mailed
495 by the scholarship granting organization to the school at which
496 the scholarship is to be used. The check must be endorsed by all
497 payees. The check may be endorsed by the school on behalf of the
498 student's parents or legal guardian if the parents or legal
499 guardian have placed on file with the school written authorization
500 to endorse the check.

501 **SECTION 16.** Except for the portion of a contribution a
502 scholarship granting organization retains to expend for
503 administrative expenses under Section 14(1) of this act, a
504 scholarship granting organization shall expend, under this act, a
505 contribution by the end of the calendar quarter which is at least
506 twelve (12) months from the date on which the scholarship granting
507 organization receives the contribution. The scholarship granting
508 organization must remit to the state, for deposit in the General
509 Fund, monies not expended within the time period provided in this
510 section. The remittance to the state must be made within thirty
511 (30) days after the end of each calendar quarter.

512 **SECTION 17.** If a qualifying student's enrollment in an
513 independent school is terminated before the end of the school year
514 and the independent school charges tuition of One Thousand Dollars
515 (\$1,000.00) or more each school year, the independent school must
516 refund to the scholarship granting organization and other tuition
517 payers any tuition paid that is applicable to a semester or term
518 beyond the semester or term during which the qualifying student's
519 enrollment is terminated. At the time of making the refund, the

520 independent school shall issue a receipt reflecting the date,
521 amount and payee for each refund.

522 **SECTION 18.** (1) Annually, the Legislative Budget Office
523 shall provide a report on the impact of the implementation of this
524 act on school enrollment and state and local funding of public
525 schools for the fiscal year most recently completed. The report
526 must include, but is not limited to, an analysis of and statement
527 on the:

528 (a) Change in public school enrollment, by school
529 district, attributable to this act;

530 (b) Amount of credits claimed, by type, for state tax
531 purposes; and

532 (c) Amount of funds the state would have had to expend
533 for public schools under the education funding formula in
534 existence on or before the enactment of this act and the amount
535 actually expended by the state.

536 (2) The report must be submitted by December 1 of each year
537 to the Governor, the Chairman of the Senate Finance Committee, the
538 Chairman of the Senate Education Committee, the Chairman of the
539 House Ways and Means Committee, and the Chairman of the House
540 Education Committee.

541 **SECTION 19.** (1) (a) In addition to the annual report as
542 provided in Section 18 of this act, the Legislative Budget Office
543 shall provide for a long-term evaluation of the impact of this
544 act. The evaluation must be conducted by contract with one or
545 more qualified persons or entities with previous experience
546 evaluating school choice programs and must be conducted for a
547 minimum of twelve (12) years. The evaluation must include an
548 assessment of the:

549 (i) Level of parental satisfaction for parents of
550 students participating in the tuition credit or scholarship
551 programs provided for in this act;

552 (ii) Level of parental satisfaction for parents of
553 students in public schools;

554 (iii) Academic performance of public school and
555 independent school students;

556 (iv) Level of student satisfaction with the
557 tuition credit or scholarship programs provided for in this act;

558 (v) Level of student satisfaction for students
559 attending public schools;

560 (vi) Impact of the provisions of this act on
561 public school districts, public school students, independent
562 schools, independent school students and the quality of life in a
563 community; and

564 (vii) Impact of the provisions of this act on
565 school capacity, availability and quality.

566 (b) The evaluation must be conducted using appropriate
567 analytical and behavioral science methodologies and must protect
568 the identity of participating schools and students by, at a
569 minimum, keeping anonymous all disaggregated data other than that
570 for the categories of grade, gender, race and ethnicity. The
571 evaluation of public and independent school students must compute
572 the relative efficiency of public and independent schools, and a
573 comparison of acceptance rates into college, while adjusting or
574 controlling for student and family background.

575 (2) State and local government entities must cooperate with
576 the persons or entities conducting the evaluation provided for in
577 subsection (1) of this Section. Scholarship granting
578 organizations must cooperate with the persons or entities
579 conducting the evaluation. Cooperation includes providing
580 available student assessment results and other information needed
581 to complete the evaluation.

582 (3) The Legislative Budget Office shall pay the cost of the
583 evaluation from funds available to it for that purpose except that
584 state funds must not be used to pay the cost of the evaluation.

585 (4) By January 31 each year, the Legislative Budget Office
586 shall provide to each member of the Legislature interim reports of
587 the results of the evaluation. Upon completion of the evaluation,
588 the Legislative Budget Office shall provide a final report to each
589 member of the Legislature. At the same time as the final report
590 is made public, the persons or entities who conducted the
591 evaluation must make their data and methodology available for
592 public review and inspection, but only if the release of the data
593 and methodology is in compliance with 20 USCS 1232g, Family
594 Educational Rights and Privacy Act of 1974.

595 **SECTION 20.** This act shall take effect and be in force from
596 and after July 1, 2005.