

By: Representatives Criswell, Hopkins

To: Education; Ways and Means

HOUSE BILL NO. 1267

1 AN ACT TO CREATE THE MISSISSIPPI CHILD SAFETY ACCOUNT ACT; TO
2 DEFINE CERTAIN TERMS; TO CREATE THE CHILD SAFETY ACCOUNT AND
3 SUPPLEMENTAL EDUCATION SCHOLARSHIP PROGRAM WITHIN THE STATE
4 DEPARTMENT OF EDUCATION FOR THE PURPOSE OF ENCOURAGING DONATIONS
5 FOR PRIVATE SCHOLARSHIPS TO NONPUBLIC SCHOOLS FOR CHILDREN
6 AFFECTED BY SCHOOL SAFETY INCIDENTS; TO DIRECT THE DEPARTMENT TO
7 SELECT AN ORGANIZATION TO SERVE AS THE ADMINISTERING ENTITY OF THE
8 PROGRAM; TO DIRECT THE TRANSFER OF A LOCAL SCHOOL DISTRICT'S SHARE
9 OF STATE ADEQUATE EDUCATION PROGRAM FUNDS TO THE ADMINISTERING
10 AGENCY FOR CHILDREN FOR WHOM A CHILD SAFETY ACCOUNT IS
11 ESTABLISHED; TO PRESCRIBE CERTAIN REQUIREMENTS FOR THE
12 ADMINISTERING ENTITY AND TO DIRECT THE ENTITY TO ISSUE DEBIT CARDS
13 TO CHILDREN FOR WHOM CHILD SAFETY ACCOUNTS HAVE BEEN CREATED; TO
14 PRESCRIBE CERTAIN DUTIES FOR THE ADMINISTERING AGENCY; TO
15 ESTABLISH AN APPLICATION PROCESS FOR CHILD SAFETY ACCOUNTS; TO
16 AUTHORIZE THE CONTINUED USED OF CHILD SAFETY ACCOUNTS FOR COLLEGE
17 OR TRADE SCHOOL EDUCATIONAL EXPENSES; TO ESTABLISH ELIGIBILITY
18 CRITERIA FOR NONPUBLIC SCHOOLS PARTICIPATING IN THE CHILD SAFETY
19 ACCOUNT PROGRAM; TO REQUIRE QUESTIONABLE USES OF A CHILD SAFETY
20 ACCOUNT TO BE REVIEWED BY AN ELIGIBLE EXPENSE REVIEW COMMITTEE; TO
21 REQUIRE A CHILD SAFETY ACCOUNT TO BE CLOSED IN CERTAIN EVENTS; TO
22 PRESCRIBE THE ADMINISTERING ENTITY'S DUTIES RELATED TO
23 SUPPLEMENTAL EDUCATION SCHOLARSHIPS; TO AUTHORIZE QUALIFIED
24 STUDENTS HAVING A CHILD SAFETY ACCOUNT TO APPLY FOR A SUPPLEMENTAL
25 EDUCATION SCHOLARSHIP FROM A SCHOLARSHIP-GRANTING ORGANIZATION TO
26 COVER EXPENSES ABOVE THE AMOUNT OF THE CHILD SAFETY ACCOUNT; TO
27 AUTHORIZE DONATIONS TO BE MADE TO SCHOLARSHIP-GRANTING
28 ORGANIZATIONS; TO AUTHORIZE AN INCOME TAX CREDIT FOR PARENTS WHO
29 PROVIDE SUPPLEMENTAL PAYMENTS TO THEIR STUDENT'S CHILD SAFETY
30 ACCOUNT; TO AUTHORIZE A REFUND TO PARENTS WHEN A CREDIT EXCEEDS
31 THEIR TAX LIABILITY; TO AUTHORIZE AN INCOME TAX CREDIT FOR
32 DONATIONS TO SCHOLARSHIP-GRANTING ORGANIZATIONS; TO PROVIDE THAT
33 UNUSED PORTIONS OF THE CREDIT MAY BE CARRIED FORWARD FIVE



34 CONSECUTIVE YEARS FROM THE CLOSE OF THE TAX YEAR IN WHICH THE
35 CREDIT WAS EARNED; AND FOR RELATED PURPOSES.

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

37 **SECTION 1.** This act shall be known and may be cited as the
38 "Mississippi Child Safety Account Act."

39 **SECTION 2.** As used in this act, the following words and
40 phrases have the meanings ascribed in this section unless the
41 context clearly indicates otherwise:

42 (a) "Administering entity" means the entity selected by
43 the State Department of Education to administer the Child Safety
44 Account Program.

45 (b) "Board" means the State Board of Education.

46 (c) "Charter school" means a charter school authorized
47 by the Mississippi Charter School Authorizer Board under Chapter
48 28, Title 37, Mississippi Code of 1972.

49 (d) "Child Safety Account" or "account" means an
50 account created and managed by the administering entity for each
51 qualified student who is affected by or involved in a safety
52 incident and applies for a Child Safety Account to pay for
53 eligible expenses.

54 (e) "Child with a disability" means a student who is
55 identified as having a disability and has an individualized
56 education program (IEP), as defined in Section 37-23-133.

57 (f) "Department" means the State Department of
58 Education.



59 (g) "Eligible expense" means an expense necessary for
60 the education of a qualified student. Eligible expenses include,
61 but need not be limited to:

62 (i) Full-time or part-time tuition at a
63 participating school;

64 (ii) Instructional materials;

65 (iii) Tutoring by a supplemental education
66 services provider approved by the State Department of Education;

67 (iv) Transportation to and from school;

68 (v) Therapy necessary to cope with the trauma of a
69 safety incident; and

70 (vi) Tuition at an institution of higher learning.

71 (h) "Enrolling school district" means the school
72 district

73 in which a qualified student is enrolled when a safety incident
74 occurs.

75 (i) "Home instruction program" means a legitimate home
76 instruction program that is not operated for the purpose of
77 avoiding or circumventing the compulsory attendance law and which,
78 for each student being educated in the home instruction program, a
79 certificate of enrollment has been filed with a school attendance
80 officer as required under Section 37-13-91.

81 (j) "Institution of higher learning" means a state
82 institution of higher learning, a community or junior college, an
83 instate accredited private college or university, or an instate



84 proprietary school that has been issued a certificate of
85 registration by Commission on Proprietary School and College
86 Registration.

87 (k) "Parent" means the parent, legal guardian or
88 custodian of a qualified student.

89 (l) "Participating school" means a nonpublic elementary
90 or secondary school, including a nonpublic online school, that is
91 approved for participation by the administering entity under
92 Section 6 of this act.

93 (m) "Program" means the Child Safety Account and
94 Supplemental Education Scholarship Program created in Section 3 of
95 this act.

96 (n) "Qualified student" means a student who:

97 (i) Is enrolled in a public school in Mississippi
98 when a safety incident occurs in the public school;

99 (ii) Either:

100 1. Was enrolled in a public school in
101 Mississippi for the school year preceding the year in which the
102 safety incident occurs; or

103 2. Was not enrolled in a public school,
104 private school or home instruction program during the school year
105 preceding the year in which the safety incident occurs; and

106 (iii) Is affected directly by or involved in the
107 safety incident but is not the perpetrator.



108 (o) "Safety incident" means a reported incident that
109 occurs within or on the grounds of a public school of:

110 (i) Bullying or harassing behavior, as defined in
111 Section 37-11-67;

112 (ii) Sexual harassment;

113 (iii) Sexual abuse;

114 (iv) Sexual misconduct;

115 (v) Gang activity;

116 (vi) Fighting;

117 (vii) Suicide attempt or threat;

118 (viii) Shooting;

119 (ix) Drug use;

120 (x) Any other act of violence; or

121 (xi) Any other incident that a physician licensed
122 in Mississippi who, after examining a student affected directly by
123 or involved in the incident, finds has the same effect on the
124 student as subparagraphs (i) through (x) above.

125 (p) "Scholarship-granting organization" means an
126 organization authorized by the administering entity to accept
127 money from donors and award the money from donors to qualified
128 students for Supplemental Education Scholarships.

129 (q) "State share of adequate education program
130 payments" means the pro rata student portion of an enrolling
131 school district's adequate education program funding for the
132 applicable school year which is allotted by the state. An



133 enrolling school district's local contribution to the adequate
134 education program is not included in the state share of adequate
135 education program funding.

136 (r) "Supplemental Education Scholarship" means a
137 scholarship provided to a qualified student from a
138 scholarship-granting organization for supplemental payments.

139 (s) "Supplemental payment" means the payment of an
140 eligible expense above the amount provided through a Child Safety
141 Account.

142 **SECTION 3.** (1) There is created in the State Department of
143 Education the Child Safety Account and Supplemental Education
144 Scholarship Program to establish state-funded Child Safety
145 Accounts and encourage the donation of private scholarships to
146 assist parents in paying the eligible expenses incurred in meeting
147 the needs of their children who are affected directly by or
148 involved in, but not perpetrators of, school safety incidents.

149 (2) Before October 1, 2020, the department shall issue a
150 request for proposals for an organization to administer the
151 program. The State Board of Education shall select and contract
152 with an organization that has demonstrated success in
153 administering financial accounts and is capable of efficiently
154 implementing a system for payment by electronic funds transfer of
155 money from Child Safety Accounts. The board shall select the
156 administering entity and enter into a contract with the



157 administering entity before February 1, 2021, which contract is
158 subject to annual review and renewal.

159 (3) (a) Upon receiving notice from the administering entity
160 that a Child Safety Account is created for a qualified student who
161 was enrolled in a school district, the department, as soon as
162 practicable, shall transfer to the administering entity an amount
163 equal to the state share of adequate education program payments of
164 the enrolling school district for the school year in which the
165 account is created plus, if the qualified student is a child with
166 a disability, any federal and state aid allocated to the enrolling
167 school district attributable to the qualified student for the
168 school year in which the account is created. The department shall
169 deduct the total amount transferred to the administering entity
170 from the state allocation to the enrolling school district for the
171 school year in which the Child Safety Account is created.

172 (b) Upon receiving notice from the administering entity
173 that a Child Safety Account is created for a qualified student who
174 was enrolled in a charter school, the department, as soon as
175 practicable, shall transfer to the administering entity an amount
176 equal to the state per student allocation to the charter school
177 for the applicable school year including, if the qualified student
178 is a child with a disability, any amount allocated to the charter
179 school attributable to the qualified student for the school year
180 in which the account is created. The department shall deduct the
181 amount transferred to the administering entity from the state



182 allocation to the charter school for the school year in which the
183 Child Safety Account is created.

184 (c) Notwithstanding any provision of this subsection to
185 the contrary, in the year that a Child Safety Account initially is
186 created, the department shall prorate the amount transferred to
187 the administering entity under paragraph (a) or (b) of this
188 subsection based on the amount of time remaining in the school
189 year.

190 (d) The administering entity shall provide information
191 to the department annually concerning the active Child Safety
192 Accounts for the next succeeding school year, and the department
193 shall transfer to the administering entity the amounts described
194 in paragraphs (a) and (b) of this subsection, as applicable for
195 each Child Safety Account, adjusted for the applicable school
196 year.

197 (4) If the administering entity closes a Child Safety
198 Account pursuant to subsection (2) or (4)(d)(iii) of Section 5 or
199 Section 7 of this act, any funds remaining in the account must be
200 transferred to the State Treasurer for deposit into the State
201 General Fund.

202 (5) Beginning with the 2020-2021 fiscal year, and each year
203 thereafter, the Legislature shall appropriate to the department
204 the amount required for the transfers to the administering entity
205 for Child Safety Accounts pursuant to subsection (3)(d) of this
206 section. In any fiscal year in which the Legislature does not



207 appropriate a sufficient amount to fully fund the Child Safety
208 Accounts pursuant to subsection (3)(d), the department shall
209 reduce the amount distributed to each Child Safety Account by the
210 same percentage that the deficit bears to the amount required to
211 fully fund the Child Safety Accounts authorized by this section.

212 **SECTION 4.** (1) In administering the program, the
213 administering entity shall:

214 (a) Publicize the program to parents throughout the
215 state, including a description of the qualifications and
216 application process for participating in the program, the
217 operation and lawful use of Child Safety Accounts, the list of
218 participating schools and the availability and use of Supplemental
219 Education Scholarships;

220 (b) Establish and implement the process by which a
221 parent may apply to receive a Child Safety Account for the
222 parent's qualified student, as provided in Section 5 of this act;

223 (c) Maintain clear accounting and separate accounts for
224 operational money and money deposited into Child Safety Accounts;

225 (d) Implement a system for payment by electronic funds
226 transfer of money from Child Safety Accounts and oversee the
227 continuing operations of Child Safety Accounts;

228 (e) Complete and submit to the department an annual
229 independent financial audit in accordance with timelines set by
230 the department;



231 (f) Monitor and enforce the lawful use of Child Safety
232 Account money, as provided in Section 7 of this act;

233 (g) Review and approve schools that apply to
234 participate in the program, as provided in Section 6 of this act;

235 (h) Provide such information to the department
236 concerning Child Safety Accounts which may be required by the
237 department;

238 (i) Review, approve and oversee scholarship-granting
239 organizations that participate in the program, as provided in
240 Section 8 of this act; and

241 (j) Issue tax credit certificates for donations to
242 scholarship-granting organizations for educational scholarships,
243 as provided in Section 11 of this act.

244 (2) The administering entity may retain from each Child
245 Safety Account up to ten percent (10%) of the amount that it
246 annually receives from the department for each account to offset
247 the costs incurred in administering the program. The contract
248 between the board and the administering entity may not include any
249 additional amount of remuneration to the administering entity from
250 the state.

251 **SECTION 5.** (1) To obtain a Child Safety Account through the
252 program, a parent must apply to the administering entity in
253 accordance with the process and timelines established by the
254 administering entity. At a minimum, the application must include:

255 (a) Identification of the school district or charter



256 school in which the parent's child is enrolled at the time of
257 application or was enrolled at the time the safety incident
258 occurred;

259 (b) An explanation of the safety incident giving rise
260 to the application and evidence that the parent's child meets the
261 definition of a qualified student. If the parent's child was
262 affected directly by or involved in a safety incident, as defined
263 under Section 2 of this act, the documentary evidence must include
264 a statement from the child's doctor;

265 (c) Evidence that the parent attempted to address or
266 resolve the safety issues involving the parent's child with the
267 enrolling school district or charter school but was unable to
268 reach an agreement or resolution that was satisfactory to the
269 parent within a reasonable time; and

270 (d) A statement that the parent's child is no longer
271 enrolled in the school district or charter school, or will
272 withdraw from the school district or charter school when the Child
273 Safety Account is approved, and the child is or will be enrolled
274 in a participating school or a home instruction program.

275 (2) The administering entity shall review each application
276 received. Upon confirming that the applying parent's child is a
277 qualified student and that the qualified student is no longer
278 enrolled in, or will withdraw as soon as practicable from, the
279 enrolling school district or charter school, the administering
280 entity shall create a Child Safety Account for the applying



281 parent. At the time an account is created, the parent must sign a
282 participation agreement created by the administering entity in
283 which the parent agrees to use the money in the account only for
284 eligible expenses and to meet the responsibilities of
285 participating in the program, as identified by the administering
286 entity. If the parent refuses to sign or fails to comply with the
287 agreement, the administering entity must close the Child Safety
288 Account and transfer any money remaining in the account to the
289 State Treasurer for deposit into the State General Fund, as
290 provided under Section 3 of this act.

291 (3) (a) The administering entity shall provide to each
292 parent who has a Child Safety Account information concerning the
293 operation of the account, including a description of eligible
294 expenses. Upon receiving the transfer of money for the qualified
295 student's account pursuant to Section 3, the administering entity
296 shall issue to the parent a debit card for the qualified student's
297 account. For the interval between creation and funding of the
298 account, if the parent has enrolled or is planning to enroll the
299 qualified student in a participating school, the administering
300 entity shall provide to the parent a letter that confirms the
301 creation of the account for the qualified student, states the
302 amount that is expected to be deposited into the account, and
303 provides the date on which the money is expected to be available
304 to the parent. The parent may present the letter as evidence of
305 future payment to the participating school.



306 (b) The parent of a qualified student who receives a
307 Child Safety Account may make supplemental payments in addition to
308 the amount provided through the Child Safety Account and may claim
309 a state tax credit for the amount of the supplemental payments as
310 provided in Section 10 of this act.

311 (4) (a) In accordance with timelines established by the
312 administering entity, the parent of a qualified student who has a
313 Child Safety Account shall confirm with the administering entity
314 annually that the qualified student is enrolled in a participating
315 school or is participating in a home instruction program. A Child
316 Safety Account continues to be active without need for renewal and
317 is funded as provided under Section 3 of this act until the
318 qualified student completes twelfth grade or ceases to be enrolled
319 in a participating school or a participating home instruction
320 program. Any unexpended amount in an account at the end of a
321 school year remains in the account, and the qualified student's
322 parent may expend it on eligible expenses in subsequent school
323 years.

324 (b) Any accrued interest in a Child Safety Account
325 remains in the account, and the qualified student's parent may
326 expend it on eligible expenses. The money deposited into a
327 qualified student's account and any interest earned on money in
328 the account do not constitute taxable income to the parent.

329 (c) If a qualified student who has a Child Safety
330 Account ceases to be enrolled in a participating school or home



331 instruction program before completing twelfth grade, the student's
332 parent must notify the administering entity. The administering
333 entity immediately shall close the qualified student's account,
334 and any amount remaining in the account must be transferred to the
335 State Treasurer for deposit into the State General Fund, as
336 provided in Section 3 of this act.

337 (d) (i) When a qualified student completes twelfth
338 grade, the qualified student or the student's parent shall notify
339 the administering entity. The administering entity shall notify
340 the department that the qualified student has completed twelfth
341 grade, and the department may no longer transfer money to the
342 administering entity for the qualified student's account.

343 (ii) If, in the notice, the qualified student also
344 notifies the administering entity that the student has enrolled in
345 an institution of higher learning, the administering entity must
346 maintain the qualified student's Child Safety Account as an active
347 account, and the qualified student may use the money in the
348 account for eligible expenses so long as the qualified student
349 remains enrolled in an institution of higher learning. The
350 qualified student shall notify the administering entity when the
351 student ceases to be enrolled in an institution of higher
352 learning.

353 (iii) The administering entity immediately shall
354 close the qualified student's account, and any amount remaining in
355 the account must be transferred to the State Treasurer for deposit



356 into the State General Fund as provided in Section 3 of this act,
357 if:

358 1. The notice that the administering entity
359 receives pursuant to subparagraph (i) of this paragraph (d) states
360 that the qualified student has not, or does not specify whether
361 the qualified student has, enrolled in an institution of higher
362 learning; or

363 2. The administering entity receives notice
364 that the qualified student is no longer enrolled in an institution
365 of higher learning.

366 **SECTION 6.** (1) To be eligible to enroll qualified students
367 and receive money from a Child Safety Account, a nonpublic
368 elementary or secondary school must:

369 (a) Comply with all required health and safety laws of
370 the state;

371 (b) Comply with all nondiscrimination laws under 42
372 U.S.C. Sec. 1981;

373 (c) Ensure that all persons employed by the nonpublic
374 school are permitted to work in a school under state law and are
375 not a threat to student safety; and

376 (d) Submit to the administering entity an annual
377 independent financial audit that demonstrates the nonpublic
378 school's financial stability.

379 (2) A nonpublic elementary or secondary school that chooses
380 to participate in the program must submit to the administering



381 entity proof that the nonpublic school meets the eligibility
382 requirements specified in subsection (1) of this section. Upon
383 confirming the information submitted by a nonpublic school, the
384 administering entity shall include the nonpublic school on the
385 published list of participating schools.

386 (3) The administering entity shall review annually the
387 schools included on the list of participating schools to confirm
388 that each school continues to meet the requirements specified in
389 subsection (1) of this section. The administering entity also
390 shall require each participating school to annually submit
391 evidence that demonstrates that the school appropriately uses the
392 money it receives from a Child Safety Account for the education of
393 the qualified student. The administering entity shall remove a
394 nonpublic school from the list of participating schools if the
395 school no longer meets the requirements specified in subsection
396 (1) of this section, if the school fails to submit evidence of its
397 use of Child Safety Account money, or if the school fails to use
398 Child Safety Account money appropriately for the education of the
399 qualified student.

400 **SECTION 7.** (1) The administering entity shall monitor the
401 use of the money deposited into each Child Safety Account. If it
402 appears that a parent or a qualified student uses money in a Child
403 Safety Account for an expense that is not an eligible expense, the
404 administering entity must convene an eligible expense review



405 committee to review the disputed expense. The eligible expense
406 review committee shall consist of:

407 (a) (i) If the qualified student is enrolled in a
408 participating school, an employee of another participating school
409 that is of the same type as the participating school in which the
410 qualified student is enrolled; or

411 (ii) If the qualified student is enrolled in an
412 institution of higher learning, an employee of an institution of
413 higher learning;

414 (b) A person with expertise in home instruction
415 programs; and

416 (c) An employee of the administering entity.

417 (2) (a) The eligible expense review committee shall hold an
418 informal hearing with the parent of the qualified student and the
419 qualified student to review the disputed expense.

420 (b) If the committee determines that the disputed
421 expense is not an eligible expense and that the parent or the
422 qualified student made a good-faith mistake when using the money
423 in the account to pay for the expense, the parent or qualified
424 student must repay the expense to the qualified student's account.

425 (c) If the committee determines that the disputed
426 expense is not an eligible expense and there is a reasonable basis
427 to find that the parent or the qualified student intended to
428 defraud when using the money in the account for the expense:



429 (i) 1. If the amount of the disputed expense is
430 less than Two Thousand Dollars (\$2,000.00), the parent or the
431 qualified student must repay the amount of the expense to the
432 qualified student's account and the administering entity must
433 prohibit the use of money in the account until the repayment is
434 made. Upon repayment, the parent or the qualified student may
435 continue to use the money in the account.

436 2. If there is a second disputed expense that
437 is less than Two Thousand Dollars (\$2,000.00), following repayment
438 of the disputed expense as provided in item 1. of this section,
439 the administering entity must close the qualified student's
440 account and may not create another Child Safety Account for a
441 child of the parent.

442 (ii) If the amount of the disputed expense is Two
443 Thousand Dollars (\$2,000.00) or more, the administering entity
444 must prohibit the use of money in the account, the parent or the
445 qualified student must repay the amount of the expense to the
446 qualified student's account, and the administering entity must
447 close the qualified student's account immediately and refer the
448 case to the district attorney of the circuit court district in
449 which the child resides. The administering entity may not create
450 another Child Safety Account for a child of the parent.

451 (3) If the administering entity closes an account as
452 provided in subsection (2) of this section, the administering
453 entity must transfer any amount remaining in the account to the



454 State Treasurer for deposit into the State General Fund as
455 provided in Section 3 of this act.

456 **SECTION 8.** (1) The administering entity has the following
457 duties related to Supplemental Education Scholarships:

458 (a) Identifying scholarship-granting organizations
459 based on reviewing and approving applications received under
460 subsection (2) of this section and preparing and updating and
461 publishing at least annually a list of scholarship-granting
462 organizations;

463 (b) Overseeing the operation of scholarship-granting
464 organizations, annually reviewing the financial audits submitted
465 by scholarship-granting organizations, and terminating the
466 authority of an organization to operate as a scholarship-granting
467 organization if the organization ceases to meet the requirements
468 specified in subsection (2) of this section or fails to comply
469 with the requirements specified in Section 9 of this act;

470 (c) Accepting, reviewing applications for, and issuing
471 preliminary and final credit certificates for tax credits pursuant
472 to Section 11 of this act to individuals and corporations that
473 donate money to scholarship-granting organizations; and

474 (d) Annually notifying the scholarship-granting
475 organizations regarding the amounts of final credit certificates
476 and the donors to whom they are issued.

477 (2) The administering entity shall accept applications from
478 organizations that seek to be identified as scholarship-granting



479 organizations to provide Supplemental Education Scholarships for
480 qualified students. To be identified as a scholarship-granting
481 organization, an organization must:

482 (a) Be a nonprofit organization operating in accordance
483 with Section 501(c) (3) of the Internal Revenue Code;

484 (b) Annually submit to the administering entity an
485 annual independent financial audit within ninety (90) days after
486 the organization's fiscal year ends; and

487 (c) Annually certify to the administering entity that
488 no more than five percent (5%) of donations received for
489 Supplemental Education Scholarships are used for administration
490 costs by the scholarship-granting organization and no portion of a
491 donation that exceeds the amount of the donation specified in the
492 final tax credit certificate is expended for administration costs.

493 **SECTION 9.** (1) (a) A qualified student who has a Child
494 Safety Account or the student's parent on the student's behalf may
495 apply to a scholarship-granting organization for a Supplemental
496 Education Scholarship. A qualified student who receives a
497 Supplemental Education Scholarship from a scholarship-granting
498 organization may use the scholarship money for an eligible expense
499 above the amount credited to the qualified student's Child Safety
500 Account.

501 (b) The scholarship-granting organization shall award
502 Supplemental Education Scholarships by March 1 for use in the next
503 school year. The organization shall establish a schedule for



504 payment of the scholarship money to the parent of the receiving
505 qualified student or directly to the participating school in which
506 the qualified student is enrolled. A scholarship-granting
507 organization may not issue a Supplemental Education Scholarship
508 that extends longer than one (1) school year.

509 (c) If a qualified student who receives a Supplemental
510 Education Scholarship transfers enrollment among participating
511 schools during a school year, the scholarship-granting
512 organization must ensure that the scholarship money, prorated for
513 the length of time remaining in the school year, follows the
514 qualified student to the enrolling participating school.

515 (2) (a) An individual or corporation may make a donation to
516 a scholarship-granting organization under this section if the
517 individual or corporation files a state income tax return and
518 cannot be claimed as a dependent on another tax return. An
519 individual or corporation that seeks to make a donation to a
520 scholarship-granting organization under this section for a
521 Supplemental Education Scholarship and receive a tax credit
522 pursuant to Section 11 of this act for all or a portion of the
523 donation amount must first apply to the administering entity, as
524 provided in Section 11, to receive a preliminary credit
525 certificate. The individual or corporation then may submit the
526 donation with a copy of the preliminary credit certificate to a
527 scholarship-granting organization.



528 (b) A donor may not direct a donation to a specific
529 individual but may direct that a donation be used:

530 (i) For tuition only at a specified type of
531 participating school; or

532 (ii) To award Supplemental Education Scholarships
533 to qualified students who were directly affected by or involved in
534 a specified or specified type of school safety incident.

535 (c) Upon accepting the donation, the
536 scholarship-granting organization must inform the donor that, if
537 the tax credit amount stated in the preliminary credit certificate
538 is reduced by the administering entity pursuant to Section 11 of
539 this act, the donor may decide at that time whether to request a
540 refund of the donated amount that exceeds the amount of the final
541 approved tax credit or to allow the scholarship-granting
542 organization to use the excess amount for Supplemental Education
543 Scholarships. The scholarship-granting organization shall provide
544 a receipt to the donor for the full amount of the donation.

545 (3) When a scholarship-granting organization receives the
546 notice of the amounts of final credit certificates from the
547 administering entity, the scholarship-granting organization shall
548 notify each donor who received a preliminary credit certificate
549 and donated an amount in excess of the final credit certificate.
550 The notice must:

551 (a) Inform the donor of the amount of the excess
552 donation;



553 (b) Include a form that the donor may use to request a
554 refund of the amount of the donation that exceeds the final credit
555 certificate amount or alternatively, authorize the
556 scholarship-granting organization to retain the excess amount to
557 use for Supplemental Education Scholarships;

558 (c) Specify that, if the donor does not return the form
559 within fifteen (15) business days after the date the notice is
560 postmarked or sent by email, the scholarship-granting organization
561 must refund the excess amount to the donor;

562 (d) Inform the donor that the scholarship-granting
563 organization is not allowed to use any of the excess donation
564 amount, if retained, for administrative purposes but must
565 distribute the entire amount as Supplemental Education
566 Scholarships; and

567 (e) Inform the donor that the donor may not claim the
568 amount of the excess donation as a tax credit but may claim the
569 amount of the excess donation as a charitable contribution
570 deduction under federal and state law.

571 (4) A scholarship-granting organization shall comply with
572 the request of a donor to refund the amount of a donation that
573 exceeds the amount of the final credit certificate issued to the
574 donor unless the donor does not return the form described in
575 subsection (3) of this section within fifteen (15) days after the
576 notice is postmarked or sent by email. If the
577 scholarship-granting organization retains the excess amount, it



578 may not use any portion of the excess amount to offset the
579 administrative expenses incurred by the organization but must
580 distribute the entire amount as Supplemental Education
581 Scholarships. The scholarship-granting organization shall retain
582 all forms returned by donors for at least five (5) years for
583 auditing purposes.

584 (5) (a) Each scholarship-granting organization shall submit
585 annually to the administering entity the following information:

586 (i) Certification that all revenue earned from
587 interest and investments is used for Supplemental Education
588 Scholarships;

589 (ii) Certification that the entire amount received
590 by the scholarship-granting organization from a donor that exceeds
591 the amount of the final credit certificate issued to the donor is
592 used for Supplemental Education Scholarships and not for
593 administration purposes;

594 (iii) The number and amount of educational
595 scholarships provided;

596 (iv) The types of participating schools at which
597 the Supplemental Education Scholarship money is used; and

598 (v) The safety incidents that directly affected or
599 involved the qualified students who received Supplemental
600 Education Scholarships.

601 (b) The scholarship-granting organization shall ensure
602 that the information submitted pursuant to paragraph (a) of this



603 subsection does not personally identify a qualifying student who
604 receives a Supplemental Education Scholarship.

605 **SECTION 10.** (1) The Legislature declares that the purpose
606 of the income tax credit created in this section is to provide
607 financial incentives to encourage parents of qualified students
608 with Child Safety Accounts, as authorized under Section 5 of this
609 act, to provide supplemental payments necessary for the proper
610 education of the qualified student.

611 (2) As used in this section, the terms "parent," "qualified
612 student" and "supplemental payment" have the meanings respectively
613 ascribed to those terms in Section 2 of this act.

614 (3) (a) For the 2020, 2021, 2022, 2023 and 2024 taxable
615 years, a parent is allowed a credit against the tax imposed by
616 this chapter in an amount equal to one hundred percent (100%) of
617 the total amount of supplemental payments paid by the parent in
618 the taxable year.

619 (b) The amount of credit authorized in this section
620 that exceeds the parent's income taxes due is refunded to the
621 parent.

622 (4) This section shall stand repealed from and after
623 December 31, 2028.

624 **SECTION 11.** (1) The Legislature declares that the purpose
625 of the tax credit created in this section is to provide financial
626 incentives to encourage donations to scholarship-granting
627 organizations for educational scholarships for qualified students



628 with Child Safety Accounts, as authorized under Section 3 of this
629 act.

630 (2) As used in this section, the following words and phrases
631 have the meanings ascribed in this subsection unless the context
632 clearly indicates otherwise:

633 (a) "Administering entity" has the same meaning as set
634 forth in Section 2 of this act.

635 (b) "Department" means the Department of Revenue.

636 (c) "Final credit certificate" means a statement issued
637 by the administering entity pursuant to subsection (3)(d)(i) of
638 this section certifying that a given donation qualifies for the
639 credit authorized in this section and specifying the final amount
640 of the credit allowed.

641 (d) "Person" means any individual, firm, corporation,
642 partnership, limited liability company, joint venture, estate,
643 trust, or group or combination acting as a unit which donates
644 money during the taxable year to the scholarship-granting
645 organization.

646 (e) "Preliminary credit certificate" means a statement
647 issued by the administering entity pursuant to subsection (3)(b)
648 of this section conditionally certifying that a given donation
649 qualifies for the credit authorized in this section and
650 conditionally specifying the amount of the credit allowed.

651 (f) "Scholarship-granting organization" has the same
652 meaning as set forth in Section 2 of this act.



653 (g) "Taxpayer" means a person who makes a donation to a
654 scholarship-granting organization.

655 (3) (a) For the 2020, 2021, 2022, 2023 and 2024 taxable
656 years, at the discretion of the administering entity, there may be
657 allowed to any taxpayer a tax credit with respect to the income
658 taxes imposed by this chapter in the amount determined by the
659 administering entity pursuant to paragraph (b) of this subsection.

660 (b) The administering entity has the exclusive
661 authority to approve any tax credits allowed pursuant to paragraph
662 (a) of this subsection. The administering entity conditionally
663 shall approve a credit by issuing to the taxpayer a preliminary
664 credit certificate on or before September 1 of the taxable year in
665 which the donation is accepted.

666 (c) Subject to the limitations set forth in paragraph
667 (d) of this subsection, the administering entity shall determine
668 the amount of a credit authorized in this section in an amount
669 equal to or less than one hundred percent (100%) of the amount
670 donated by the taxpayer to the scholarship-granting organization.

671 (d) (i) 1. Except as otherwise provided in item 2. of
672 this paragraph (d), the administering entity may not issue a
673 credit certificate if the aggregate sum of credits approved by the
674 administering entity pursuant to this section exceeds One Hundred
675 Million Dollars (\$100,000,000.00). If the administering entity
676 receives requests for credit certificates for donations in a
677 calendar year that in the aggregate exceed One Hundred Million



678 Dollars (\$100,000,000.00), then the administering entity must
679 proportionally reduce the preliminary credit certificate for each
680 person that made a donation to a scholarship-granting organization
681 in the taxable year so that the aggregate final credit
682 certificates issued by the administering entity do not exceed the
683 cap set forth in this item 1.

684 2. A taxpayer may not claim the charitable
685 contribution deduction allowed under Section 27-7-22.39 or Section
686 27-7-22.41 for any part of the donation for which the taxpayer
687 receives a credit certificate. If the credit certificate issued
688 by the administering entity reflects a reduced credit due to the
689 proportional reduction described in item 1. of this subparagraph
690 (i), the taxpayer may claim a charitable contribution deduction
691 for the amount of the donation for which the taxpayer is not
692 receiving a credit certificate.

693 (ii) Each year that the request for credit
694 certificates for the credit allowed in this section reach ninety
695 percent (90%) of the cap set forth in subparagraph (i), the cap
696 shall increase by twenty-five percent (25%) over the previous
697 year.

698 (e) Before January 1, 2021, and before January 1 each
699 year thereafter, the administering entity shall report to the
700 Senate Finance Committee and the House Ways and Means Committee
701 regarding all tax credit certificates issued pursuant to this
702 section.



703 (4) If a taxpayer receiving a credit authorized in this
704 section is a partnership, limited liability company, s
705 corporation, or similar pass-through entity, the taxpayer may
706 allocate the credit among its partners, shareholders, members, or
707 other constituent taxpayers in any manner mutually agreed to by
708 such persons as provided in an executed document. The taxpayer
709 shall certify to the administering entity and the department the
710 amount of credit allocated to each constituent taxpayer, and the
711 administering entity shall issue credit certificates in the
712 appropriate amounts to each partner, shareholder, member, or other
713 constituent taxpayer. Each constituent taxpayer may claim such
714 amount subject to any restrictions set forth in this section.

715 (5) If a credit authorized in this section approved by the
716 administering entity exceeds the income tax due on the income of
717 the taxpayer for the taxable year, the amount of the credit not
718 used as an offset against the income taxes in such taxable year is
719 not allowed as a refund. The taxpayer may carry forward and apply
720 the unused credit against the income tax due for five (5)
721 consecutive years from the close of the tax year in which the
722 credit was earned, but the taxpayer must apply the credit against
723 the income tax due for the earliest of the taxable years possible.
724 Any amount of the tax credit that is not used after this period is
725 not refundable.



726 (6) A contribution for which a credit is claimed under this
727 section may not be used as a deduction by the taxpayer for state
728 income tax purposes.

729 (7) Before December 1, 2020, and before December 1 of each
730 year thereafter, the administering entity shall provide the
731 department an electronic report of the taxpayers receiving a
732 credit for that taxable year which includes the following
733 information:

734 (a) The taxpayer's name;

735 (b) The taxpayer's Mississippi tax identification
736 number or social security number;

737 (c) The amount of the credit allocated; and

738 (d) The associated pass-through entity name and
739 Mississippi tax identification number if the credit is allocated
740 from a pass-through entity pursuant to subsection (4) of this
741 section.

742 (8) This section shall stand repealed from and after
743 December 31, 2028.

744 **SECTION 12.** Sections 10 and 11 of this act shall be codified
745 as new sections in Chapter 7, Title 27, Mississippi Code of 1972.

746 **SECTION 13.** Nothing in this act shall affect or defeat any
747 claim, assessment, appeal, suit, right or cause of action for
748 taxes due or accrued under the income tax laws before the date on
749 which this act becomes effective, whether such claims,
750 assessments, appeals, suits or actions have been begun before the



751 date on which this act becomes effective or are begun thereafter;
752 and the provisions of the income tax laws are expressly continued
753 in full force, effect and operation for the purpose of the
754 assessment, collection and enrollment of liens for any taxes due
755 or accrued and the execution of any warrant under such laws before
756 the date on which this act becomes effective, and for the
757 imposition of any penalties, forfeitures or claims for failure to
758 comply with such laws.

759 **SECTION 14.** This act shall take effect and be in force from
760 and after January 1, 2020.

