

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 725 Session of  
2007

INTRODUCED BY MUSTO, FONTANA, STOUT, WAUGH, WASHINGTON, MELLOW,  
KASUNIC, ERICKSON, RAFFERTY, COSTA, MADIGAN, D. WHITE,  
O'PAKE, EICHELBERGER, WONDERLING, EARLL AND STACK,  
APRIL 2, 2007

REFERRED TO EDUCATION, APRIL 2, 2007

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An  
2 act relating to the public school system, including certain  
3 provisions applicable as well to private and parochial  
4 schools; amending, revising, consolidating and changing the  
5 laws relating thereto," further providing, in educational  
6 improvement, for tax credit, for definitions, for  
7 qualification and application and for limitations.

8 The General Assembly of the Commonwealth of Pennsylvania  
9 hereby enacts as follows:

10 Section 1. Section 2002-B of the act of March 10, 1949  
11 (P.L.30, No.14), known as the Public School Code of 1949,  
12 amended July 11, 2006 (P.L.1092, No.114), is amended to read:  
13 Section 2002-B. Definitions.

14 The following words and phrases when used in this article  
15 shall have the meanings given to them in this section unless the  
16 context clearly indicates otherwise:

17 "Business firm." An entity authorized to do business in this  
18 Commonwealth and subject to taxes imposed under Article IV, VI,  
19 VII, VII-A, VIII, VIII-A, IX or XV of the act of March 4, 1971

1 (P.L.6, No.2), known as the Tax Reform Code of 1971.

2 "Contribution." A donation of cash, personal property or  
3 services the value of which is the net cost of the donation to  
4 the donor or the pro rata hourly wage, including benefits, of  
5 the individual performing the services.

6 "Department." The Department of Community and Economic  
7 Development of the Commonwealth.

8 "Educational improvement organization." A nonprofit entity  
9 which:

10 (1) is exempt from Federal taxation under section  
11 501(c)(3) of the Internal Revenue Code of 1986 (Public Law  
12 99-514, 26 U.S.C. § 1 et seq.); and

13 (2) contributes at least 80% of its annual receipts as  
14 grants to a public school for innovative educational  
15 programs.

16 For purposes of this definition, a nonprofit entity  
17 "contributes" its annual cash receipts when it expends or  
18 otherwise irrevocably encumbers those funds for expenditure  
19 during the then current fiscal year of the nonprofit entity or  
20 during the next succeeding fiscal year of the nonprofit entity.

21 "Eligible pre-kindergarten student." For participation in  
22 the pre-kindergarten scholarship program, a student who is  
23 enrolled in a pre-kindergarten program and is a member of a  
24 household with an annual household income of not more than  
25 \$50,000. An income allowance of \$10,000 shall be allowed for  
26 each eligible student and dependent member of the household.

27 "Eligible student." A school-age student who is enrolled in  
28 a school and is a member of a household with an annual household  
29 income of not more than \$50,000. An income allowance of \$10,000  
30 shall be allowed for each eligible student and dependent member

1 of the household.

2 "Household." An individual living alone or with the  
3 following: a spouse, parent and their unemancipated minor  
4 children; and other unemancipated minor children who are related  
5 by blood or marriage; or other adults or unemancipated minor  
6 children living in the household who are dependent upon the  
7 individual.

8 "Household income." All moneys or property received of  
9 whatever nature and from whatever source derived. The term does  
10 not include the following:

11 (1) Periodic payments for sickness and disability other  
12 than regular wages received during a period of sickness or  
13 disability.

14 (2) Disability, retirement or other payments arising  
15 under workers' compensation acts, occupational disease acts  
16 and similar legislation by any government.

17 (3) Payments commonly recognized as old-age or  
18 retirement benefits paid to persons retired from service  
19 after reaching a specific age or after a stated period of  
20 employment.

21 (4) Payments commonly known as public assistance or  
22 unemployment compensation payments by a governmental agency.

23 (5) Payments to reimburse actual expenses.

24 (6) Payments made by employers or labor unions for  
25 programs covering hospitalization, sickness, disability or  
26 death, supplemental unemployment benefits, strike benefits,  
27 Social Security and retirement.

28 (7) Compensation received by United States servicemen  
29 serving in a combat zone.

30 "Innovative educational program." An advanced academic or

1 similar program that is not part of the regular academic program  
2 of a public school but that enhances the curriculum or academic  
3 program of the public school or provides pre-kindergarten  
4 programs to public school students.

5 "Pre-kindergarten program." A program of instruction for  
6 three-year-old or four-year-old students that utilizes a  
7 curriculum aligned with the curriculum of the school with which  
8 it is affiliated and which provides a minimum of two hours of  
9 instructional and developmental activities per day at least 60  
10 days per school year.

11 "Pre-kindergarten scholarship organization." A nonprofit  
12 entity which:

13 (1) either is exempt from Federal taxation under section  
14 501(c)(3) of the Internal Revenue Code of 1986 (Public Law  
15 99-514, 26 U.S.C. § 1 et seq.) or is operated as a separate  
16 segregated fund by a scholarship organization that has been  
17 qualified under section 2003-B; and

18 (2) contributes at least 80% of its annual cash receipts  
19 to a pre-kindergarten scholarship program by expending or  
20 otherwise irrevocably encumbering those funds for  
21 distribution during the then current fiscal year of the  
22 organization or during the next succeeding fiscal year of the  
23 organization.

24 "Pre-kindergarten scholarship program." A program to provide  
25 tuition to eligible pre-kindergarten students to attend a pre-  
26 kindergarten program operated by or in conjunction with a school  
27 located in this Commonwealth and that includes an application  
28 and review process for the purpose of making awards to eligible  
29 pre-kindergarten students and awards scholarships to eligible  
30 pre-kindergarten students without limiting availability to only

1 students of one school.

2 "Public school." A public pre-kindergarten where compulsory  
3 attendance requirements do not apply or a public kindergarten,  
4 elementary school or secondary school at which the compulsory  
5 attendance requirements of this Commonwealth may be met and  
6 which meets the applicable requirements of Title VI of the Civil  
7 Rights Act of 1964 (Public Law 88-352, 78 Stat. 241).

8 "Scholarship organization." A nonprofit entity which:

9 (1) is exempt from Federal taxation under section  
10 501(c)(3) of the Internal Revenue Code of 1986 (Public Law  
11 99-514, 26 U.S.C. § 1 et seq.); and

12 (2) contributes at least 80% of its annual cash receipts  
13 to a scholarship program.

14 For purposes of this definition, a nonprofit entity  
15 "contributes" its annual cash receipts to a scholarship program  
16 when it expends or otherwise irrevocably encumbers those funds  
17 for distribution during the then current fiscal year of the  
18 nonprofit entity or during the next succeeding fiscal year of  
19 the nonprofit entity.

20 "Scholarship program." A program to provide tuition to  
21 eligible students to attend a school located in this  
22 Commonwealth or to receive tutoring services which shall include  
23 intensive instruction in reading, math, science, social studies  
24 or other academic subject areas. A scholarship program must  
25 include an application and review process for the purpose of  
26 making awards to eligible students. The award of scholarships to  
27 eligible students shall be made without limiting availability to  
28 only students of one school.

29 "School." A public or nonpublic pre-kindergarten,  
30 kindergarten, elementary school or secondary school at which the

1 compulsory attendance requirements of the Commonwealth may be  
2 met and which meets the applicable requirements of Title VI of  
3 the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241).

4 "School age." Children from the earliest admission age to a  
5 school's pre-kindergarten or kindergarten program or, when no  
6 pre-kindergarten or kindergarten program is provided, the  
7 school's earliest admission age for beginners, until the end of  
8 the school year the student attains 21 years of age or  
9 graduation from high school, whichever occurs first.

10 Section 2. Section 2003-B(c)(1) of the act is amended by  
11 adding a subparagraph to read:

12 Section 2003-B. Qualification and application.

13 \* \* \*

14 (c) Scholarship organizations and pre-kindergarten  
15 scholarship organizations.--A scholarship organization or pre-  
16 kindergarten scholarship organization must certify to the  
17 department that the organization is eligible to participate in  
18 the program established under this article and must agree to  
19 annually report the following information to the department by  
20 December 1, 2005, and September 1 of each year thereafter:

21 (1) \* \* \*

22 (viii) In subparagraphs (i), (ii), (iii), (iv), (v),  
23 (vi) and (vii), the number and amount of scholarships  
24 awarded for tutoring services.

25 \* \* \*

26 Section 3. Section 2006-B(a)(1) of the act, amended July 11,  
27 2006 (P.L.1092, No.114), is amended to read:

28 Section 2006-B. Limitations.

29 (a) Amount.--

30 (1) The total aggregate amount of all tax credits

1 approved shall not exceed [\$54,000,000] \$55,400,000 in a  
2 fiscal year. No less than [\$36,000,000] \$37,400,000 of the  
3 total aggregate amount shall be used to provide tax credits  
4 for contributions from business firms to scholarship  
5 organizations. No less than \$18,000,000 of the total  
6 aggregate amount shall be used to provide tax credits for  
7 contributions from business firms to educational improvement  
8 organizations.

9 \* \* \*

10 Section 4. This act shall take effect in 60 days.