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

Section 1. The definitions of "educational improvement organization," "opportunity scholarship organization," "pre-kindergarten scholarship organization" and "scholarship organization" in section 2002-B of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, are amended to read:

Section 2002-B. Definitions.

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

* * *
"Educational improvement organization." A nonprofit entity which:

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

(2) contributes at least \(80\%\) of its annual receipts as grants to a public school, a chartered school as defined in section 1376.1, or a private school approved under section 1376, for innovative educational programs.

For purposes of this definition, a nonprofit entity "contributes" its annual cash receipts when it expends or otherwise irrevocably encumbers those funds for expenditure during the then-current fiscal year of the nonprofit entity or during the next succeeding fiscal year of the nonprofit entity. A nonprofit entity shall include a school district foundation, public school foundation, charter school foundation or cyber charter school foundation.

* * *

"Opportunity scholarship organization." A nonprofit entity which:

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

(2) contributes at least \(80\%\) of the entity's annual cash receipts to an opportunity scholarship program.

For the purposes of this definition, a nonprofit entity contributes the entity's cash receipts to an opportunity scholarship program when the entity expends or otherwise irrevocably encumbers those funds for distribution during the then-current fiscal year of the nonprofit entity or during the next succeeding fiscal year of the nonprofit entity.
next succeeding fiscal year of the nonprofit entity.

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

1. is exempt from Federal taxation under section 501(c)(3) of the Internal Revenue Code of 1986 or is operated as a separate segregated fund by a scholarship organization that has been qualified under section 2003-B; and
2. contributes at least 95% of its annual cash receipts to a pre-kindergarten scholarship program by expending or otherwise irrevocably encumbering those funds for distribution during the then-current fiscal year of the organization or during the next succeeding fiscal year of the organization.

"Scholarship organization." A nonprofit entity which:

1. is exempt from Federal taxation under section 501(c)(3) of the Internal Revenue Code of 1986; and
2. contributes at least 95% of its annual cash receipts to a scholarship program.

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

Section 2. Section 2003-B(c), (d) and (d.1) of the act are amended to read:

Section 2003-B. Qualification and application by organizations.
* * *

(c) Scholarship organizations and pre-kindergarten scholarship organizations.--A scholarship organization or pre-kindergarten scholarship organization must certify to the department that the organization is eligible to participate in the educational improvement tax credit program established under this article and must agree to annually report the following information to the department by November 1 of each year:

1. (i) The number of scholarships awarded during the immediately preceding school year to eligible pre-kindergarten students.
   
   (ii) The total and average amounts of the scholarships awarded during the immediately preceding school year to eligible pre-kindergarten students.
   
   (iii) The number of scholarships awarded during the immediately preceding school year to eligible students in grades kindergarten through eight.
   
   (iv) The total and average amounts of the scholarships awarded during the immediately preceding school year to eligible students in grades kindergarten through eight.
   
   (v) The number of scholarships awarded during the immediately preceding school year to eligible students in grades nine through 12.
   
   (vi) The total and average amounts of the scholarships awarded during the immediately preceding school year to eligible students in grades nine through 12.
   
   (vii) Where the scholarship organization or pre-kindergarten scholarship organization collects...
information on a county-by-county basis, the total number 
and the total amount of scholarships awarded during the 
immediately preceding school year to residents of each 
county in which the scholarship organization or pre-
kindergarten scholarship organization awarded 
scholarships.

(viii) The total number of scholarship applications 
processed and the amounts of any application fees 
charged, either per scholarship application or in the 
aggregate through a third-party processor.

(ix) The organization's Federal Form 990 or other 
Federal form indicating the tax status of the 
organization for Federal tax purposes, if any, and a full 
and complete copy of a compilation, review or audit of 
the organization's financial statements conducted by a 
certified public accounting firm.

(x) The average household income of eligible 
students in grades kindergarten through eight who 
received scholarships in the immediately preceding school 
year.

(xi) The average household income of eligible 
students in grades nine through 12 who received 
scholarships in the immediately preceding school year.

(xii) Data as determined by the department in 
conjunction with the Department of Education tracking the 
academic success of eligible students in grades 
kindergarten through eight who received scholarships in 
the immediately preceding school year.

(xiii) Data as determined by the department in 
conjunction with the Department of Education tracking the
academic success of eligible students in grades nine through 12 who received scholarships in the immediately preceding school year.

(xiv) Any other information deemed appropriate by the department.

(2) The information required under paragraph (1) shall be submitted on a form provided by the department. No later than September 1 of each year, the department shall annually distribute such sample forms, together with the forms on which the reports are required to be made, to each listed scholarship organization and pre-kindergarten scholarship organization.

(3) [The department may not require any other information to be provided by scholarship organizations or pre-kindergarten scholarship organizations, except as expressly authorized in this article.] A scholarship organization or a pre-kindergarten scholarship organization is prohibited from charging an application fee to an eligible student applying for a scholarship.

(d) Educational improvement organization.--

(1) An application submitted by an educational improvement organization must describe its proposed innovative educational program or programs in a form prescribed by the department. The department shall consult with the Department of Education as necessary. The department shall review and approve or disapprove the application. In order to be eligible to participate in the educational improvement tax credit program established under this article, an educational improvement organization must agree to annually report the following information to the
department by November 1 of each year:

(i) The name of the innovative educational program or programs and the total amount of the grant or grants made to those programs during the immediately preceding school year.

(ii) A description of how each grant was utilized during the immediately preceding school year and a description of any demonstrated or expected innovative educational improvements.

(iii) The names of the public schools and school districts where innovative educational programs that received grants during the immediately preceding school year were implemented.

(iv) Where the educational improvement organization collects information on a county-by-county basis, the total number and the total amount of grants made during the immediately preceding school year for programs at public schools in each county in which the educational improvement organization made grants.

(v) The organization's Federal Form 990 or other Federal form indicating the tax status of the organization for Federal tax purposes, if any, and a full and complete copy of a compilation, review or audit of the organization's financial statements conducted by a certified public accounting firm.

(vi) Any other information deemed appropriate by the department.

(2) The information required under paragraph (1) shall be submitted on a form provided by the department. No later than September 1 of each year, the department shall annually
distribute such sample forms, together with the forms on
which the reports are required to be made, to each listed
educational improvement organization.

[(3) The department may not require any other
information to be provided by educational improvement
organizations, except as expressly authorized in this
article.]

(d.1) Opportunity scholarship organizations.--

(1) An opportunity scholarship organization must enhance
the educational opportunities available to students in this
Commonwealth by providing opportunity scholarships to
eligible students who reside within the attendance boundary
of low-achieving schools to attend schools which are not low-
achieving schools and which are not public schools within the
eligible student's school district of residence. By February
15 of each year, an opportunity scholarship organization must
certify to the department that the organization is eligible
to participate in the opportunity scholarship tax credit
program.

(2) An opportunity scholarship organization must agree
to report the following information on a form provided by the
department by November 1 of each year:

(i) The total number of applications for opportunity
scholarships received during the immediately preceding
school year from eligible students in grades kindergarten
through eight.

(ii) The number of opportunity scholarships awarded
during the immediately preceding school year to eligible
students in grades kindergarten through eight.

(iii) The total and average amounts of the
opportunity scholarships awarded during the immediately preceding school year to eligible students in grades kindergarten through eight.

(iv) The total number of applications for opportunity scholarships received during the immediately preceding school year from eligible students in grades nine through 12.

(v) The number of opportunity scholarships awarded during the immediately preceding school year to eligible students in grades nine through 12.

(vi) The total and average amounts of the opportunity scholarships awarded during the immediately preceding school year to eligible students in grades nine through 12.

(vii) Where the opportunity scholarship organization collects information on a county-by-county basis, the total number and the total amount of opportunity scholarships awarded during the immediately preceding school year to residents of each county in which the opportunity scholarship organization awarded opportunity scholarships.

(viii) The number of opportunity scholarships awarded during the immediately preceding school year to applicants with a household income that does not exceed 185% of the Federal poverty level.

(ix) The total and average amounts of opportunity scholarships awarded during the immediately preceding school year to applicants with a household income that does not exceed 185% of the Federal poverty level.

(x) The number of opportunity scholarships awarded...
during the immediately preceding school year to
applicants with a household income that does not exceed
185% of the Federal poverty level and who reside within a
first class school district.

(xi) The total and average amounts of opportunity
scholarships awarded during the immediately preceding
school year to applicants with a household income that
does not exceed 185% of the Federal poverty level and who
reside within a first class school district.

(xii) The number of opportunity scholarships awarded
during the immediately preceding school year to
applicants with a household income that does not exceed
185% of the Federal poverty level and who reside within a
school district that was designated as a financial
recovery school district under Article VI-A at the time
of the award.

(xiii) The total and average amounts of opportunity
scholarships awarded during the immediately preceding
school year to applicants with a household income that
does not exceed 185% of the Federal poverty level and who
reside within a school district that was designated as a
financial recovery school district under Article VI-A at
the time of the award.

(xiv) The total number of opportunity scholarship
applications processed and the amounts of any application
fees charged either per opportunity scholarship
application or in the aggregate through a third-party
processor.

(xv) The opportunity scholarship organization's
Federal Form 990 or other Federal form indicating the tax
status of the opportunity scholarship organization for Federal tax purposes, if any, and a full and complete copy of a compilation, review or audit of the opportunity scholarship organization's financial statements conducted by a certified public accounting firm.

(xvi) The average household income of eligible students in grades kindergarten through eight who received scholarships in the immediately preceding school year.

(xvii) The average household income of eligible students in grades nine through twelve who received scholarships in the immediately preceding school year.

(xviii) The number of eligible students in grades kindergarten through eight who received scholarships in the immediately preceding school year and attended a low-achieving school within the past five years.

(xiv) The number of eligible students in grades nine through twelve who received scholarships in the immediately preceding school year and attended a low-achieving school within the past five years.

(xv) Data as determined by the department in conjunction with the Department of Education tracking the academic success of eligible students in grades kindergarten through eight who received scholarships in the immediately preceding school year.

(xvi) Data as determined by the department in conjunction with the Department of Education tracking the academic success of eligible students in grades nine through twelve who received scholarships in the immediately preceding school year.
(xvii) Any other information deemed appropriate by the department.

(3) No later than September 1 of each year, the department shall annually distribute such sample forms, together with the forms on which the reports are required to be made, to each listed opportunity scholarship organization.

(4) The department may not require other information to be provided by opportunity scholarship organizations, except as expressly authorized in this article.] An opportunity scholarship organization is prohibited from charging an application fee to an eligible student applying for a scholarship.

* * *

Section 3. This act shall take effect in 60 days.