
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1514 Session of
2009

INTRODUCED BY DePASQUALE, SIPTROTH, BRADFORD, FAIRCHILD,
BRENNAN, SABATINA, JOHNSON, HOUGHTON, TALLMAN, MILNE,
YOUNGBLOOD, MURT, DENLINGER, M. SMITH, MICOZZIE, HORNAMAN,
GINGRICH, PAYTON AND MATZIE, MAY 26, 2009

REFERRED TO COMMITTEE ON EDUCATION, MAY 26, 2009

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," in educational improvement tax
6 credit, further providing for definitions and for
7 qualification and application.

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) and July 9, 2008
13 (P.L.846, No.61), is amended to read:

14 Section 2002-B. Definitions.

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

18 "Business firm." An entity authorized to do business in this
19 Commonwealth and subject to taxes imposed under Article III, IV,

1 VI, VII, VIII, IX or XV of the act of March 4, 1971 (P.L.6,
2 No.2), known as the Tax Reform Code of 1971. This term includes
3 a pass-through entity.

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

8 "Department." The Department of Community and Economic
9 Development of the Commonwealth.

10 "Educational improvement organization." A nonprofit entity
11 which:

12 (1) is exempt from Federal taxation under section 501(c)
13 (3) of the Internal Revenue Code of 1986 (Public Law 99-514,
14 26 U.S.C. § 1 et seq.); and

15 (2) contributes at least 80% of its annual receipts as
16 grants to [a public school] any of the following for
17 innovative educational programs[.]:

18 (i) A public school.

19 (ii) An endowment established by the educational
20 improvement organization.

21 For purposes of this definition, a nonprofit entity
22 "contributes" its annual cash receipts when it expends or
23 otherwise irrevocably encumbers those funds for expenditure
24 during the then current fiscal year of the nonprofit entity or
25 during the next succeeding fiscal year of the nonprofit entity.

26 "Eligible pre-kindergarten student." For participation in
27 the pre-kindergarten scholarship program, a student who is
28 enrolled in a pre-kindergarten program and is a member of a
29 household with an annual household income of not more than
30 \$50,000. An income allowance of \$10,000 shall be allowed for

1 each eligible student and dependent member of the household.

2 "Eligible student." A school-age student who is enrolled in
3 a school and is a member of a household with an annual household
4 income of not more than \$50,000. An income allowance of \$10,000
5 shall be allowed for each eligible student and dependent member
6 of the household.

7 "Household." An individual living alone or with the
8 following: a spouse, parent and their unemancipated minor
9 children; and other unemancipated minor children who are related
10 by blood or marriage; or other adults or unemancipated minor
11 children living in the household who are dependent upon the
12 individual.

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

16 (1) Periodic payments for sickness and disability other
17 than regular wages received during a period of sickness or
18 disability.

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

22 (3) Payments commonly recognized as old-age or
23 retirement benefits paid to persons retired from service
24 after reaching a specific age or after a stated period of
25 employment.

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

28 (5) Payments to reimburse actual expenses.

29 (6) Payments made by employers or labor unions for
30 programs covering hospitalization, sickness, disability or

1 death, supplemental unemployment benefits, strike benefits,
2 Social Security and retirement.

3 (7) Compensation received by United States servicemen
4 serving in a combat zone.

5 "Innovative educational program." An advanced academic or
6 similar program that is not part of the regular academic program
7 of a public school but that enhances the curriculum or academic
8 program of the public school or provides pre-kindergarten
9 programs to public school students.

10 "Pass-through entity." A partnership as defined in section
11 301(n.0) of the act of March 4, 1971 (P.L.6, No.2), known as the
12 Tax Reform Code of 1971, or a Pennsylvania S corporation as
13 defined in section 301(n.1) of the Tax Reform Code of 1971.

14 "Pre-kindergarten program." A program of instruction for
15 three-year-old or four-year-old students that utilizes a
16 curriculum aligned with the curriculum of the school with which
17 it is affiliated and which provides a minimum of two hours of
18 instructional and developmental activities per day at least 60
19 days per school year.

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

22 (1) either is exempt from Federal taxation under section
23 501(c) (3) of the Internal Revenue Code of 1986 (Public Law
24 99-514, 26 U.S.C. § 1 et seq.) or is operated as a separate
25 segregated fund by a scholarship organization that has been
26 qualified under section 2003-B; and

27 (2) contributes at least 80% of its annual cash receipts
28 to [a] any of the following:

29 (i) A pre-kindergarten scholarship program by
30 expending or otherwise irrevocably encumbering those

1 funds for distribution during the then current fiscal
2 year of the organization or during the next succeeding
3 fiscal year of the organization.

4 (ii) An endowment established by the pre-
5 kindergarten scholarship organization.

6 "Pre-kindergarten scholarship program." A program to provide
7 tuition to eligible pre-kindergarten students to attend a pre-
8 kindergarten program operated by or in conjunction with a school
9 located in this Commonwealth and that includes an application
10 and review process for the purpose of making awards to eligible
11 pre-kindergarten students and awards scholarships to eligible
12 pre-kindergarten students without limiting availability to only
13 students of one school.

14 "Public school." A public pre-kindergarten where compulsory
15 attendance requirements do not apply or a public kindergarten,
16 elementary school or secondary school at which the compulsory
17 attendance requirements of this Commonwealth may be met and
18 which meets the applicable requirements of Title VI of the Civil
19 Rights Act of 1964 (Public Law 88-352, 78 Stat. 241).

20 "Scholarship organization." A nonprofit entity which:

21 (1) is exempt from Federal taxation under section 501(c)
22 (3) of the Internal Revenue Code of 1986 (Public Law 99-514,
23 26 U.S.C. § 1 et seq.); and

24 (2) contributes at least 80% of its annual cash receipts
25 to [a] any of the following:

26 (i) A scholarship program.

27 (ii) An endowment established by the scholarship
28 organization.

29 For purposes of this definition, a nonprofit entity

30 "contributes" its annual cash receipts to a scholarship program

1 when it expends or otherwise irrevocably encumbers those funds
2 for distribution during the then current fiscal year of the
3 nonprofit entity or during the next succeeding fiscal year of
4 the nonprofit entity.

5 "Scholarship program." A program to provide tuition to
6 eligible students to attend a school located in this
7 Commonwealth. A scholarship program must include an application
8 and review process for the purpose of making awards to eligible
9 students. The award of scholarships to eligible students shall
10 be made without limiting availability to only students of one
11 school.

12 "School." A public or nonpublic pre-kindergarten,
13 kindergarten, elementary school or secondary school at which the
14 compulsory attendance requirements of the Commonwealth may be
15 met and which meets the applicable requirements of Title VI of
16 the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241).

17 "School age." Children from the earliest admission age to a
18 school's pre-kindergarten or kindergarten program or, when no
19 pre-kindergarten or kindergarten program is provided, the
20 school's earliest admission age for beginners, until the end of
21 the school year the student attains 21 years of age or
22 graduation from high school, whichever occurs first.

23 Section 2. Section 2003-B of the act is amended by adding a
24 subsection to read:

25 Section 2003-B. Qualification and application.

26 * * *

27 (g) Endowment.--One hundred percent of the cash receipts
28 contributed by an educational improvement organization, pre-
29 kindergarten scholarship organization or scholarship
30 organization to an endowment shall be used for innovative

1 educational programs or scholarship programs.

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