

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1330 Session of
2011

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SONNEY, STEPHENS, STERN, STEVENSON, TALLMAN, TAYLOR, TOEPEL,
TURZAI, VEREB, VULAKOVICH, WATERS, LAWRENCE, WAGNER,
HICKERNELL AND EVANKOVICH, APRIL 11, 2011

AS REPORTED FROM COMMITTEE ON EDUCATION, HOUSE OF
REPRESENTATIVES, AS AMENDED, MAY 3, 2011

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," providing for educational improvement
6 tax credit; and repealing provisions of the Tax Reform Code
7 of 1971 relating to educational improvement tax credit.

8 The General Assembly of the Commonwealth of Pennsylvania

9 hereby enacts as follows:

10 Section 1. The act of March 10, 1949 (P.L.30, No.14), known
11 as the Public School Code of 1949, is amended by adding an

1 article to read:

2 ARTICLE XXV-B

3 EDUCATIONAL IMPROVEMENT TAX CREDIT

4 Section 2501-B. Definitions.

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

8 "Business firm." An entity authorized to do business in this
9 Commonwealth and subject to taxes imposed under Article III, IV,
10 VI, VII, VIII, IX or XV of the act of March 4, 1971 (P.L.6,
11 No.2), known as the Tax Reform Code of 1971. The term includes a
12 pass-through entity.

13 "Contribution." A donation of cash, personal property or
14 services, the value of which is the net cost of the donation to
15 the donor or the pro rata hourly wage, including benefits, of
16 the individual performing the services.

17 "Department." The Department of Community and Economic
18 Development of the Commonwealth.

19 "Educational improvement organization." A nonprofit entity
20 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 receipts as
25 grants to a public school, a chartered school as defined in
26 section 1376.1 or a private school approved under section
27 1376 for innovative educational programs.

28 For purposes of this definition, a nonprofit entity

29 "contributes" its annual cash receipts when it expends or
30 otherwise irrevocably encumbers those funds for expenditure

1 during the then current fiscal year of the nonprofit entity or
2 during the next succeeding fiscal year of the nonprofit entity.
3 A "nonprofit entity" includes a school district foundation,
4 public school foundation, charter school foundation or cyber
5 charter school foundation.

6 "Eligible prekindergarten student." A student, including an
7 eligible student with a disability, who is enrolled in a
8 prekindergarten program and is a member of a household with a
9 maximum annual household income as increased by the applicable
10 income allowance.

11 "Eligible student." A school-age student, including an
12 eligible student with a disability, who is enrolled in a school
13 and is a member of a household with a maximum annual household
14 income as increased by the applicable income allowance.

15 "Eligible student with a disability." A prekindergarten
16 student or a school-age student who meets all of the following:

17 (1) Is either enrolled in a special education school or
18 has otherwise been identified, in accordance with 22 Pa. Code
19 Ch. 14 (relating to special education services and programs),
20 as a "child with a disability," as defined in 34 CFR § 300.8
21 (relating to child with a disability).

22 (2) Needs special education and related services.

23 (3) Is enrolled in a prekindergarten program or in a
24 school.

25 (4) Is a member of a household with a household income
26 of not more than the maximum annual household income.

27 "Household." An individual living alone or with the
28 following: a spouse, parent and their unemancipated minor
29 children, other unemancipated minor children who are related by
30 blood or marriage or other adults or unemancipated minor

1 children living in the household who are dependent upon the
2 individual.

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

6 (1) Periodic payments for sickness and disability other
7 than regular wages received during a period of sickness or
8 disability.

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

12 (3) Payments commonly recognized as old-age or
13 retirement benefits paid to persons retired from service
14 after reaching a specific age or after a stated period of
15 employment.

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

18 (5) Payments to reimburse actual expenses.

19 (6) Payments made by employers or labor unions for
20 programs covering hospitalization, sickness, disability or
21 death, supplemental unemployment benefits, strike benefits,
22 Social Security and retirement.

23 (7) Compensation received by United States servicemen
24 serving in a combat zone.

25 "Income allowance."

26 (1) Subject to paragraph (2), the amount of:

27 (i) Before July 1, 2011, \$10,000 for each eligible
28 student, eligible prekindergarten student and dependent
29 member of a household.

30 (ii) After June 30, 2011, through June 30, 2012,

1 \$12,000 for each eligible student, eligible
2 prekindergarten student and dependent member of a
3 household.

4 (iii) After June 30, 2012, through June 30, 2013,
5 \$15,000 for each eligible student, eligible
6 prekindergarten student and dependent member of a
7 household.

8 (2) Beginning July 1, 2013, the Department of Community
9 and Economic Development shall annually adjust the income
10 allowance amounts under paragraph (1) to reflect any upward
11 changes in the Consumer Price Index for All Urban Consumers
12 for the Pennsylvania, New Jersey, Delaware and Maryland area
13 in the preceding 12 months and shall immediately submit the
14 adjusted amounts to the Legislative Reference Bureau for
15 publication as a notice in the Pennsylvania Bulletin.

16 "Innovative educational program." An advanced academic or
17 similar program that is not part of the regular academic program
18 of a public school but that enhances the curriculum or academic
19 program of a public school, chartered school as defined in
20 section 1376.1(a) or private school approved in accordance with
21 section 1376, or provides prekindergarten programs to public
22 school students, students of a chartered school as defined in
23 section 1376.1(a) or students of a private school approved in
24 accordance with section 1376.

25 "Maximum annual household income."

26 (1) Except as stated in paragraph (2) and subject to
27 paragraph (3), the following:

28 (i) Before July 1, 2011, not more than \$50,000.

29 (ii) After June 30, 2011, through June 30, 2012, not
30 more than \$60,000.

1 (iii) After June 30, 2012, not more than \$75,000.

2 (2) With respect to an eligible student with a
3 disability, as calculated by multiplying:

4 (i) the sum of:

5 (A) the applicable amount under paragraph (1);

6 and

7 (B) the applicable income allowance; by

8 (ii) the applicable support level factor according
9 to the following table:

<u>Support Level</u>	<u>Support Level Factor</u>
<u>1</u>	<u>1.50</u>
<u>2</u>	<u>2.993</u>

13 (3) Beginning July 1, 2013, the Department of Community
14 and Economic Development shall annually adjust the income
15 amounts under paragraphs (1) and (2) to reflect any upward
16 changes in the Consumer Price Index for All Urban Consumers
17 for the Pennsylvania, New Jersey, Delaware and Maryland area
18 in the preceding 12 months and shall immediately submit the
19 adjusted amounts to the Legislative Reference Bureau for
20 publication as a notice in the Pennsylvania Bulletin.

21 "Pass-through entity." A partnership as defined in section
22 301(n.0) of the act of March 4, 1971 (P.L.6, No.2), known as the
23 Tax Reform Code of 1971, a single-member limited liability
24 company treated as a disregarded entity for Federal income tax
25 purposes or a Pennsylvania S corporation as defined in section
26 301(n.1) of the Tax Reform Code of 1971.

27 "Prekindergarten program." A program of instruction for
28 three-year-old or four-year-old students that utilizes a
29 curriculum aligned with the curriculum of the school with which
30 it is affiliated and that provides:

1 (1) a minimum of two hours of instructional and
2 developmental activities per day at least 60 days per school
3 year; or

4 (2) a minimum of two hours of instructional and
5 developmental activities per day at least 20 days over the
6 summer recess.

7 "Prekindergarten scholarship organization." A nonprofit
8 entity that:

9 (1) Either 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.) or is operated as a separate
12 segregated fund by a scholarship organization that has been
13 qualified under section 2502-B.

14 (2) Contributes at least 80% of its annual cash receipts
15 to a prekindergarten scholarship program by expending or
16 otherwise irrevocably encumbering those funds for
17 distribution during the then current fiscal year of the
18 organization or during the next succeeding fiscal year of the
19 organization.

20 "Prekindergarten scholarship program." A program to provide
21 tuition to eligible prekindergarten students to attend a
22 prekindergarten program operated by or in conjunction with a
23 school located in this Commonwealth and that includes an
24 application and review process for the purpose of making awards
25 to eligible prekindergarten students and awards scholarships to
26 eligible prekindergarten students without limiting availability
27 to only students of one school.

28 "Public school." A public prekindergarten where compulsory
29 attendance requirements do not apply or a public kindergarten,
30 elementary school or secondary school at which the compulsory

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

4 "Scholarship." An award under a scholarship program.

5 "Scholarship organization." A nonprofit entity that:

6 (1) is exempt from Federal taxation under section 501(c)
7 (3) of the Internal Revenue Code of 1986 (Public Law 99-514,
8 26 U.S.C. § 1 et seq.); and

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

11 For purposes of this definition, a nonprofit entity

12 "contributes" its annual cash receipts to a scholarship program
13 when it expends or otherwise irrevocably encumbers those funds
14 for distribution during the then current fiscal year of the
15 nonprofit entity or during the next succeeding fiscal year of
16 the nonprofit entity.

17 "Scholarship program." A program to provide tuition to
18 eligible students to attend a school located in this
19 Commonwealth. A scholarship program must include an application
20 and review process for the purpose of making awards to eligible
21 students. The award of scholarships to eligible students shall
22 be made without limiting availability to only students of one
23 school.

24 "School." A public or nonpublic prekindergarten,
25 kindergarten, elementary school or secondary school at which the
26 compulsory attendance requirements of the Commonwealth may be
27 met and that meets the applicable requirements of Title VI of
28 the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241).

29 "School age." From the earliest admission age to a school's
30 prekindergarten or kindergarten program or, when no

1 prekindergarten or kindergarten program is provided, the
2 school's earliest admission age for beginners, until the end of
3 the school year the student attains 21 years of age or
4 graduation from high school, whichever occurs first.

5 "Special education school." A school or program within a
6 school that is designated specifically and exclusively for
7 students with any of the disabilities listed in 34 CFR § 300.8
8 (relating to child with a disability) and meets one of the
9 following:

10 (1) is licensed under the act of January 28, 1988

11 (P.L.24, No.11), known as the Private Academic Schools Act;

12 (2) is accredited by an accrediting association approved
13 by the State Board of Education;

14 (3) is a school for the blind or deaf receiving
15 Commonwealth appropriations; or

16 (4) is operated by or under the authority of a bona fide
17 religious institution or by the Commonwealth or any political
18 subdivision thereof.

19 "Support level." The level of support needed by an eligible
20 student with a disability, as stated in the following matrix:

21 (1) Support level 1. The student is not enrolled in a
22 special education school.

23 (2) Support level 2. The student is enrolled in a
24 special education school.

25 "Tax credit." The educational improvement tax credit
26 established under this article.

27 Section 2502-B. Qualification and application.

28 (a) Establishment.--In accordance with section 14 of Article
29 III of the Constitution of Pennsylvania, an educational
30 improvement tax credit program is established to enhance the

1 educational opportunities available to all students in this
2 Commonwealth.

3 (b) Information.--In order to qualify under this article, a
4 scholarship organization, a prekindergarten scholarship
5 organization or an educational improvement organization must
6 submit information to the department that enables the department
7 to confirm that the organization is exempt from taxation under
8 section 501(c)(3) of the Internal Revenue Code of 1986 (Public
9 Law 99-514, 26 U.S.C. § 1 et seq.).

10 (c) Scholarship organizations and prekindergarten
11 scholarship organizations.--A scholarship organization or
12 prekindergarten scholarship organization must certify to the
13 department that the organization is eligible to participate in
14 the program established under this article and must agree to
15 annually report the following information to the department by
16 September 1 of each year:

17 (1) (i) The number of scholarships awarded during the
18 immediately preceding school year to eligible
19 prekindergarten students.

20 (ii) The total and average amounts of scholarships
21 awarded during the immediately preceding school year to
22 eligible prekindergarten students.

23 (iii) The number of scholarships awarded during the
24 immediately preceding school year to eligible students in
25 grades kindergarten through eight.

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

29 (v) The number of scholarships awarded during the
30 immediately preceding school year to eligible students in

1 grades 9 through 12.

2 (vi) The total and average amounts of scholarships
3 awarded during the immediately preceding school year to
4 eligible students in grades 9 through 12.

5 (vii) Where the scholarship organization or
6 prekindergarten scholarship organization collects
7 information on a county-by-county basis, the total number
8 and the total dollar amount of scholarships awarded
9 during the immediately preceding school year to residents
10 of each county in which the scholarship organization or
11 prekindergarten scholarship organization awarded
12 scholarships.

13 (2) The information required under paragraph (1) shall
14 be submitted on a form provided by the department. No later
15 than May 1 of each year, the department shall annually
16 distribute such sample forms, together with the forms on
17 which the reports are required to be made, to each listed
18 scholarship organization and prekindergarten scholarship
19 organization.

20 (3) The department may not require any other information
21 to be provided by scholarship organizations or
22 prekindergarten scholarship organizations, except as
23 expressly authorized in this article.

24 (d) Educational improvement organization.--

25 (1) An application submitted by an educational
26 improvement organization must describe its proposed
27 innovative educational program or programs in a form
28 prescribed by the department. In prescribing the form, the
29 department shall consult with the Department of Education as
30 necessary. The department shall review and approve or

1 disapprove the application. In order to be eligible to
2 participate in the program established under this article, an
3 educational improvement organization must agree to annually
4 report the following information to the department by
5 September 1 of each year:

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

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

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

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

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

30 (3) The department may not require any other information

1 to be provided by educational improvement organizations,
2 except as expressly authorized in this article.

3 (e) Notification.--The department shall notify the
4 scholarship organization, prekindergarten scholarship
5 organization or educational improvement organization that the
6 organization meets the requirements of this article for that
7 fiscal year no later than 60 days after the organization has
8 submitted the information required under this section.

9 (f) Publication.--The department shall annually publish a
10 list of each scholarship organization, prekindergarten
11 scholarship organization or educational improvement organization
12 qualified under this section in the Pennsylvania Bulletin. The
13 list shall also be posted and updated as necessary on the
14 publicly accessible Internet website of the department.

15 Section 2503-B. Application.

16 (a) Scholarship organization or prekindergarten scholarship
17 organization.--A business firm shall apply to the department for
18 a tax credit. A business firm shall receive a tax credit if the
19 scholarship organization or prekindergarten scholarship
20 organization that receives the contribution appears on the list
21 established under section 2502-B(f).

22 (b) Educational improvement organization.--A business firm
23 must apply to the department for a tax credit. A business firm
24 shall receive a tax credit if the department has approved the
25 program provided by the educational improvement organization
26 that receives the contribution.

27 (c) Availability of tax credits.--Tax credits shall be made
28 available by the department on a first-come-first-served basis
29 within the limitations established under section 2505-B(a).

30 (d) Contributions.--A contribution by a business firm to a

1 scholarship organization, prekindergarten scholarship
2 organization or educational improvement organization shall be
3 made no later than 60 days following the approval of an
4 application under subsection (a) or (b).

5 Section 2504-B. Tax credit.

6 (a) Scholarship or educational improvement organizations.--

7 In accordance with section 2505-B(a), the Department of Revenue
8 shall grant a tax credit against any tax due under Article III,
9 IV, VI, VII, VIII, IX or XV of the act of March 4, 1971 (P.L.6,
10 No.2), known as the Tax Reform Code of 1971, to a business firm
11 providing proof of a contribution to a scholarship organization
12 or educational improvement organization in the taxable year in
13 which the contribution is made which shall not exceed 75% of the
14 total amount contributed during the taxable year by the business
15 firm. For the fiscal year 2011-2012, the tax credit shall not
16 exceed \$400,000 annually per business firm for contributions
17 made to scholarship organizations and educational improvement
18 organizations. For the fiscal year 2012-2013, the tax credit
19 shall not exceed \$750,000 annually per business firm for
20 contributions made to scholarship organizations or educational
21 improvement organizations.

22 (b) Additional amount.--The Department of Revenue shall
23 grant a tax credit of up to 90% of the total amount contributed
24 during the taxable year if the business firm provides a written
25 commitment to provide the scholarship organization or
26 educational improvement organization with the same amount of
27 contribution for two consecutive tax years. The business firm
28 must provide the written commitment under this subsection to the
29 department at the time of application.

30 (c) Prekindergarten scholarship organizations.--In

1 accordance with section 2505-B(a), the Department of Revenue
2 shall grant a tax credit against any tax due under Article III,
3 IV, VI, VII, VIII, IX or XV of the Tax Reform Code of 1971 to a
4 business firm providing proof of a contribution to a
5 prekindergarten scholarship organization in the taxable year in
6 which the contribution is made which shall be equal to 100% of
7 the first \$10,000 contributed during the taxable year by the
8 business firm, and which shall not exceed 90% of the remaining
9 amount contributed during the taxable year by the business firm.
10 For the fiscal year 2011-2012, the tax credit shall not exceed
11 \$200,000 annually per business firm for contributions made to
12 prekindergarten scholarship organizations. For the fiscal year
13 2012-2013, the tax credit shall not exceed \$250,000 annually per
14 business firm for contributions made to prekindergarten
15 scholarship organizations.

16 (d) Combination of tax credits.--A business firm may receive
17 tax credits from the Department of Revenue in any tax year for
18 any combination of contributions under subsection (a), (b) or
19 (c). In no case may a business firm receive tax credits in any
20 tax year in excess of \$750,000 for contributions under
21 subsections (a) and (b). In no case shall a business firm
22 receive tax credits in any tax year in excess of \$250,000 for
23 contributions under subsection (c).

24 (e) Pass-through entity.--

25 (1) If a pass-through entity does not intend to use all
26 approved tax credits under this section, it may elect in
27 writing to transfer all or a portion of the tax credit to
28 shareholders, members or partners in proportion to the share
29 of the entity's distributive income to which the shareholder,
30 member or partner is entitled for use in the taxable year in

1 which the contribution is made or in the taxable year
2 immediately following the year in which the contribution is
3 made. The election shall designate the year in which the
4 transferred tax credits are to be used and shall be made
5 according to procedures established by the Department of
6 Revenue.

7 (2) A pass-through entity and a shareholder, member or
8 partner of a pass-through entity shall not claim the tax
9 credit under this section for the same contribution.

10 (3) The shareholder, member or partner may not carry
11 forward, carry back, obtain a refund of or sell or assign the
12 tax credit.

13 (4) The shareholder, member or partner may claim the
14 credit on a joint return, but the tax credit may not exceed
15 the separate income of that shareholder, member or partner.

16 (f) Restriction on applicability of credits.--No tax credits
17 shall be applied against any tax withheld by an employer from an
18 employee under Article III of the Tax Reform Code of 1971.

19 (g) Time of application for credits.--

20 (1) Except as provided in paragraph (2), the department
21 may accept applications for tax credits available during a
22 fiscal year no earlier than July 1 of each fiscal year.

23 (2) The application of any business firm for tax credits
24 available during a fiscal year as part of the second year of
25 a two-year commitment or as a renewal of a two-year
26 commitment that was fulfilled in the previous fiscal year may
27 be accepted no earlier than May 15 preceding the fiscal year.

28 Section 2505-B. Limitations.

29 (a) Amount.--

30 (1) For the fiscal year 2011-2012, the total aggregate



1 (1) (I) FOR THE FISCAL YEAR 2011-2012, THE TOTAL ←
2 AGGREGATE amount of all tax credits approved shall not
3 exceed \$100,000,000. No less than 75% of the total ←
4 aggregate amount \$100,000,000. ←

5 (II) NOT MORE THAN \$67,000,000 OF THE TOTAL
6 AGGREGATE AMOUNT of all tax credits approved shall be
7 used to provide tax credits for contributions from
8 business firms to scholarship organizations, including ←
9 prekindergarten scholarship organizations. No less than
10 25% of the total aggregate amount ORGANIZATIONS. ←

11 (III) NOT MORE THAN \$25,000,000 OF THE TOTAL
12 AGGREGATE AMOUNT of all tax credits approved shall be
13 used to provide tax credits for contributions from
14 business firms to educational improvement organizations.

15 (IV) NOT MORE THAN \$8,000,000 OF THE TOTAL AGGREGATE ←
16 AMOUNT OF ALL TAX CREDITS APPROVED SHALL BE USED TO
17 PROVIDE TAX CREDITS FOR CONTRIBUTIONS FROM BUSINESS FIRMS
18 TO PREKINDERGARTEN SCHOLARSHIP ORGANIZATIONS.

19 ~~(2) IN THE FISCAL YEAR 2012-2013, THE TOTAL AGGREGATE~~ ←

20 (2) (I) IN THE FISCAL YEAR 2012-2013 AND EACH FISCAL ←
21 YEAR THEREAFTER, THE TOTAL AGGREGATE amount of all tax
22 credits approved shall not exceed \$200,000,000.

23 (II) NOT MORE THAN \$120,000,000 OF THE TOTAL ←
24 AGGREGATE AMOUNT OF ALL TAX CREDITS APPROVED SHALL BE
25 USED TO PROVIDE TAX CREDITS FOR CONTRIBUTIONS FROM
26 BUSINESS FIRMS TO SCHOLARSHIP ORGANIZATIONS.

27 (III) NOT MORE THAN \$60,000,000 OF THE TOTAL
28 AGGREGATE AMOUNT OF ALL TAX CREDITS APPROVED SHALL BE
29 USED TO PROVIDE TAX CREDITS FOR CONTRIBUTIONS FROM
30 BUSINESS FIRMS TO EDUCATIONAL IMPROVEMENT ORGANIZATIONS.

1 (IV) NOT MORE THAN \$20,000,000 OF THE TOTAL
2 AGGREGATE AMOUNT OF ALL TAX CREDITS APPROVED SHALL BE
3 USED TO PROVIDE TAX CREDITS FOR CONTRIBUTIONS FROM
4 BUSINESS FIRMS TO PREKINDERGARTEN SCHOLARSHIP
5 ORGANIZATIONS.

6 ~~(3) For the fiscal years 2011 2012 and 2012 2013, the~~ ←
7 ~~total aggregate amount of all tax credits approved for~~
8 ~~contributions from business firms to prekindergarten~~
9 ~~scholarship programs shall not exceed \$8,000,000 in a fiscal~~
10 ~~year.~~

11 (b) Activities.--No tax credit shall be approved for
12 activities that are a part of a business firm's normal course of
13 business.

14 (c) Tax liability.--

15 (1) Except as provided in paragraph (2), a tax credit
16 granted for any one taxable year may not exceed the tax
17 liability of a business firm.

18 (2) In the case of a credit granted to a pass-through
19 entity which elects to transfer the credit according to
20 section 2504-B(e), a tax credit granted for any one taxable
21 year and transferred to a shareholder, member or partner may
22 not exceed the tax liability of the shareholder, member or
23 partner.

24 (d) Use.--A tax credit not used by the applicant in the
25 taxable year the contribution was made or in the year designated
26 by the shareholder, member or partner to whom the credit was
27 transferred under section 2504-B(e) may not be carried forward
28 or carried back and is not refundable or transferable.

29 (e) Nontaxable income.--A scholarship received by an
30 eligible student or eligible prekindergarten student shall not

1 be considered to be taxable income for the purposes of Article
2 III of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
3 Reform Code of 1971.

4 Section 2506-B. Lists.

5 The Department of Revenue shall provide to the General
6 Assembly, by June 30 of each year, a list of all scholarship
7 organizations, prekindergarten scholarship organizations and
8 educational improvement organizations that receive contributions
9 from business firms granted a tax credit.

10 Section 2507-B. Guidelines.

11 The department, in consultation with the Department of
12 Education, shall develop guidelines to determine the eligibility
13 of an innovative educational program.

14 Section 2. Repeals are as follows:

15 (1) The General Assembly declares that the repeal under
16 paragraph (2) is necessary to effectuate the addition of
17 Article XXV-B of the act.

18 (2) Article XVII-F and section 2902-E(b) of the act of
19 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
20 1971, are repealed.

21 Section 3. The provisions of Article XXV-B of the act are
22 severable. If any provision of that article or its application
23 to any person or circumstance is held invalid, the invalidity
24 shall not affect other provisions or applications of that
25 article which can be given effect without the invalid provision
26 or application.

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