
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1642 Session of
2021

INTRODUCED BY WHITE, ROTHMAN, RYAN, KAUFFMAN, GROVE, DRISCOLL,
ZIMMERMAN, THOMAS, PENNYCUICK, LEWIS, POLINCHOCK, ROWE AND
NEILSON, JUNE 16, 2021

SENATOR MARTIN, EDUCATION, IN SENATE, AS AMENDED,
NOVEMBER 8, 2021

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 tax credits, further
6 providing for definitions, for qualification and application
7 by organizations, for application by business firms, for tax
8 credits, for limitations and for opportunity scholarships.

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

11 Section 1. The definitions of "economically disadvantaged
12 school" and "household income" in section 2002-B of the act of
13 March 10, 1949 (P.L.30, No.14), known as the Public School Code
14 of 1949, are amended and the section is amended by adding
15 definitions to read:

16 Section 2002-B. Definitions.

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

1 * * *

2 "Economically disadvantaged school." Any school within this
3 Commonwealth at which at least [75%] 51% of the students
4 attending the school in the immediately preceding school year
5 received a scholarship of at least \$1,000 pursuant to this
6 article.

7 * * *

8 "Fiscal year." The Commonwealth's fiscal year beginning July
9 1 and ending June 30.

10 * * *

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

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

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

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

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

26 (5) Payments to reimburse actual expenses.

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

1 (7) Compensation received by United States servicemen
2 serving in a combat zone.

3 (8) Payments received from a governmental agency to
4 relieve the economic effects of the COVID-19 pandemic.

5 * * *

6 "Tax year." A taxpayer's annual accounting period or, if a
7 return is made for a period of less than 12 months, the period
8 for which the return is made.

9 Section 2. Sections 2003-B(d.3) and 2004-B(a) (2) of the act
10 are amended to read:

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

12 * * *

13 (d.3) [Opportunity scholarship] Scholarship organization for
14 economically disadvantaged schools.--

15 (1) [In] Effective July 1, 2022, in addition to the
16 other requirements of this article, [an opportunity] a
17 scholarship organization that intends to provide
18 [opportunity] scholarship awards to applicants of
19 economically disadvantaged schools must demonstrate a history
20 of serving schools throughout this Commonwealth and the
21 capacity to distribute [opportunity] scholarships Statewide
22 to applicants of economically disadvantaged schools.

23 (2) [An opportunity] A scholarship organization must
24 agree to distribute [opportunity] scholarships to applicants
25 of economically disadvantaged schools not later than
26 [December] February 1 of the applicable school year.

27 (3) Notwithstanding any other provision of this article
28 to the contrary, the department may not for any school year
29 qualify more than one [opportunity] scholarship organization
30 for the provision of [opportunity] scholarships to applicants

1 of economically disadvantaged schools.

2 * * *

3 Section 2004-B. Application by business firms.

4 (a) Scholarship organization, pre-kindergarten scholarship
5 organization or opportunity scholarship organization.--

6 * * *

7 (2) A business firm that intends to apply to the
8 department for a tax credit for contributions [to the
9 opportunity scholarship organization that qualifies under
10 section 2003-B(d.3)] for students attending an economically
11 disadvantaged school must submit an application separate from
12 an application for tax credits to [a] another scholarship
13 organization, pre-kindergarten scholarship organization or
14 [other] opportunity scholarship organization. The
15 contribution shall be made to the designated scholarship
16 organization for the economically disadvantaged schools and
17 shall be separately accounted for and distributed by the
18 designated scholarship organization.

19 * * *

20 Section 3. Section 2005-B(i) (5) and (j) (1) and (2) of the
21 act are amended and subsection (i) is amended by adding a
22 paragraph to read:

23 Section 2005-B. Tax credits.

24 * * *

25 (i) Temporary increase in maximum tax credits available.--

26 * * *

27 (4.1) If all tax credits authorized under this article
28 for contributions to the category of scholarship
29 organizations, opportunity scholarship organizations or pre-
30 kindergarten scholarship organizations have not been awarded

1 as of November 30 of any fiscal year, then for applications
2 accepted by the department from December 1 through the end of
3 the fiscal year, the limitations set forth in subsections
4 (a), (a.1), (c) and (d) relating to the maximum amount of tax
5 credits a business firm can receive during a fiscal year for
6 contributions to each such category of organizations shall
7 not apply. Under this paragraph, the department may accept
8 applications under section 2004-B from December 1 through the
9 end of the fiscal year and shall award tax credits under this
10 article for contributions to the category of scholarship
11 organizations, opportunity scholarship organizations or pre-
12 kindergarten scholarship organizations on a first-come,
13 first-served basis until all tax credits available for the
14 fiscal year have been exhausted.

15 (5) Notwithstanding a temporary increase in maximum tax
16 credits available under this subsection, the limitations set
17 forth in subsections (a), (a.1), (c) and (d) relating to the
18 maximum amount of tax credits a business firm can receive
19 during a year for contributions to a category of scholarship
20 organizations, opportunity scholarship organizations or pre-
21 kindergarten scholarship organizations shall be reinstated
22 for all applications accepted by the department [on or] after
23 [December 1] June 30 of the fiscal year.

24 (j) Reallocation of tax credits.--

25 (1) Beginning on January 1 of any fiscal year, if any
26 tax credits authorized under this article for contributions
27 to any of the categories of scholarship organizations,
28 opportunity scholarship organizations or pre-kindergarten
29 scholarship organizations remain unawarded, such unawarded
30 tax credits may be reallocated to any of the categories of

1 scholarship organizations, opportunity scholarship
2 organizations or pre-kindergarten scholarship organizations
3 for which all available tax credits have been awarded. The
4 department shall, within 10 business days, inform each
5 business firm on the waiting list maintained by the
6 department under subsection (h) that tax credits remain
7 available under another category for which the business firm
8 has not yet applied. If a business firm notified under this
9 paragraph elects, the department shall reallocate available
10 tax credits for award to the business firm in the business
11 firm's preferred tax credit category, notwithstanding the
12 limitations contained in section 2006-B(a). [The amount of
13 tax credits to be awarded to a business firm under this
14 paragraph shall not exceed the amount of tax credits
15 available for reallocation or the maximum amount of tax
16 credits for which a business firm is eligible under
17 subsections (a), (a.1), (c) and (d).] Each business firm
18 shall have 10 business days from the date of the department's
19 notice to elect a reallocation of tax credits under this
20 paragraph. The department shall award tax credits on a first-
21 come, first-served basis.

22 (2) After the department has awarded tax credits under
23 paragraph (1), the department shall accept new applications
24 for reallocation of tax credits from any of the categories of
25 scholarship organizations, opportunity scholarship
26 organizations or pre-kindergarten scholarship organizations
27 for which tax credits remain available to the applicant's
28 preferred category of scholarship organizations, opportunity
29 scholarship organizations or pre-kindergarten scholarship
30 organizations for which all available tax credits have been

1 awarded, notwithstanding any limitations contained in section
2 2006-B(a) [. The amount of tax credits to be awarded to a
3 business firm under this paragraph shall not exceed the
4 amount of tax credits available for reallocation or the
5 maximum amount of tax credits for which a business firm is
6 eligible under] or the limitations in subsections (a), (a.1),
7 (c) and (d). The department shall award tax credits on a
8 first-come, first-served basis.

9 * * *

10 Section 4. Section 2006-B(a) of the act, amended June 30,
11 2021 (P.L.158, No.26), is amended to read:

12 Section 2006-B. Limitations.

13 (a) Amount.--

14 (1) The total aggregate amount of all tax credits
15 approved for contributions from business firms to scholarship
16 organizations, educational improvement organizations and pre-
17 kindergarten scholarship organizations shall not exceed
18 [~~\$225,000,000~~] \$230,000,000 in a fiscal year. The following
19 shall apply:

20 (i) No less than \$175,000,000 of the total aggregate
21 amount shall be used to provide tax credits for
22 contributions from business firms to scholarship
23 organizations.

24 (ii) No less than \$37,500,000 of the total aggregate
25 amount shall be used to provide tax credits for
26 contributions from business firms to educational
27 improvement organizations.

28 (iii) The total aggregate amount of all tax credits
29 approved for contributions from business firms to pre-
30 kindergarten scholarship organizations shall not exceed

1 \$12,500,000 in a fiscal year.

2 (iv) No less than \$5,000,000 of the total aggregate
3 amount shall be used to provide tax credits for
4 contributions from business firms to increase the
5 scholarship or pre-kindergarten scholarship by UP TO <--
6 \$2,000 or, in the case of a scholarship for a student
7 attending a secondary school, by UP TO \$4,000, for a <--
8 student attending an economically disadvantaged school,
9 to the extent that the total amount of scholarships, pre-
10 kindergarten scholarships and opportunity scholarships
11 will not exceed the lesser of \$8,500 or the school's
12 tuition.

13 (2) The total aggregate amount of all tax credits
14 approved for contributions from business firms to opportunity
15 scholarship organizations shall not exceed [\$55,000,000 in a
16 fiscal year and no less than \$5,000,000 of the total
17 aggregate amount shall be used to provide tax credits for
18 contributions from business firms to increase the scholarship
19 amount to students attending an economically disadvantaged
20 school by up to \$1,000 more than the amount provided during
21 the immediately preceding school year.] \$50,000,000 in a

22 fiscal year.

23 * * *

24 Section 5. Section 2009-B(e) and (f)(5) of the act are
25 amended to read:

26 Section 2009-B. Opportunity scholarships.

27 * * *

28 (e) Amount.--

29 (1) [(i) Except as otherwise provided in subparagraph
30 (ii), the] The maximum amount of an opportunity scholarship

1 awarded to an applicant without a disability shall be \$8,500.

2 [(ii) For a student attending an economically
3 disadvantaged school, the maximum amount of an
4 opportunity scholarship awarded to an applicant without a
5 disability shall be \$9,500.]

6 (2) [(i) Except as otherwise provided in subparagraph
7 (ii), the] The maximum amount of an opportunity scholarship
8 awarded to an applicant with a disability shall be \$15,000.

9 [(ii) For a student attending an economically
10 disadvantaged school, the maximum amount of an
11 opportunity scholarship awarded to an applicant with a
12 disability shall be \$16,000.]

13 (3) In no case shall the combined amount of the
14 opportunity scholarship awarded to a recipient and any
15 additional financial assistance provided to the recipient
16 exceed the tuition rate and school-related fees for the
17 participating public school or participating nonpublic school
18 that the recipient will attend.

19 (f) Designation, reports and notices.--

20 * * *

21 (5) (i) Each school that has been designated by the
22 department as an economically disadvantaged school for an
23 applicable school year shall notify the department by no
24 later than [October 15] November 30 of the applicable
25 school year of the following information for each
26 recipient of a scholarship registered to attend the
27 school for the applicable school year:

28 (A) The recipient's name and address.

29 (B) The grade of the recipient for the school
30 year with respect to which the scholarship and

1 tuition grant shall be received.

2 (C) The type and amount of [scholarship]
3 scholarships under this article entitled to
4 educational tax credits that were received by the
5 recipient.

6 (D) The names and address of the recipient's
7 parents or guardians.

8 (E) The amount of tuition charged.

9 (ii) The information submitted in this paragraph
10 shall be provided to the [opportunity] scholarship
11 organization for economically disadvantaged schools who
12 shall distribute the money in accordance with section
13 2003-B(d.3).

14 (iii) Information submitted by a school designated
15 by the department as an economically disadvantaged school
16 shall remain confidential and shall not be subject to the
17 act of February 14, 2008 (P.L.6, No.3), known as the
18 Right-to-Know Law. The information can be used for
19 administration of the program.

20 Section 6. This act shall take effect July 1, 2022, or
21 immediately, whichever is later.