HB 1886 -- SPECIAL NEEDS SCHOLARSHIP TAX CREDITS

SPONSOR: Scharnhorst

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Student Achievement by a vote of 5 to 2.

Beginning January 1, 2008, this bill establishes Bryce's Law which authorizes a tax credit for an individual who donates to a scholarship-granting organization if the donation is not claimed on the taxpayer's federal income tax return. The tax credit may be taken against income tax, corporate franchise tax, insurance premium tax, financial institutions tax, and express company tax liability. The credit will be for 80% of the amount of the contribution but cannot exceed 50% of the taxpayer's state tax liability, up to $800,000 per year, and is nonrefundable but may be carried forward for four years or transferred or sold for between 75% and 100% of its par value.

Eligibility standards for students receiving scholarships are attendance at a public school with an individualized education plan. Scholarship-granting organizations must meet requirements for fiscal soundness, percentage of revenues devoted to educational scholarships, and public reporting. Private schools qualify to accept scholarship students by meeting specified requirements including employee background checks and providing data as requested, among others. Scholarships may also be used at a public school outside the student's resident school district. The bill specifies how scholarship checks will be distributed.

The Department of Economic Development must conduct a study to measure student achievement, satisfaction with the program, and its fiscal impact on the state and public schools and provide the General Assembly with a final copy of the evaluation by December 31, 2009. The department cannot use public money for the study and may contract with one or more qualified researchers who have previous experience evaluating similar programs.

The provisions of the bill will expire December 31 six years from the effective date.

FISCAL NOTE: Estimated Cost on General Revenue Fund of Unknown - expected to exceed $100,000 in FY 2009, FY 2010, and FY 2011. No impact on Other State Funds in FY 2009, FY 2010, and FY 2011.

PROPONENTS: Supporters say that early intervention is the key to successful treatment for autistic children, but under the current system, children have to fail in public programs before they are placed at private schools that specialize in autism. Public schools don't like to admit that they're not helping a child as much as a private facility might. A scholarship will let parents place their child in a private school more quickly and could potentially save the state money later on.

Testifying for the bill were Representative Scharnhorst; Shari Kaminsky; Dr. James Bubenik; Stacey Bowlen, Judevine Center for Autism; Trisha Buerge; Catherine Holloway, Giant Steps; Deborah Creswell; Ryan Scharnhorst; Beverly Trinidad; Betty Berger, Giant Steps; Sara Ann Denson; Nora Kelleher, Giant Steps; Robert Castle; Maxine Johnson; Missouri Catholic Conference; and Dawn Casey, Howard Park Center.

OPPONENTS: Those who oppose the bill say that a scholarship is a band-aid approach, because it won't be effective for children in areas that lack facilities. A comprehensive statewide autism program is a better option.

Testifying against the bill were Dr. Sheryl Davenport, St. Louis Public Schools; Dr. Kenneth Eigenberg; Kelly Park; Cooperating School Districts of Greater St. Louis; Mary Armstrong, Local 420, American Federation of Teachers-St. Louis; Missouri State Teachers Association; Joan Zavitsky, Special School District of St. Louis; Missouri Council of School Administrators; and Missouri National Education Association.

OTHERS: Others testifying on the bill say that tax credits are not vouchers and the provisions of the bill meet constitutional requirements. The effect of the scholarship on a child's rights under the federal Individuals with Disabilities Education Act will be no different from any other child who transferred from a public to a private school.

Others testifying on the bill were Larry Opinski; and David Roland.