

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas  
2 82nd General Assembly  
3 Regular Session, 1999  
4

*As Engrossed: S3/10/99*

# A Bill

SENATE BILL 962

5 By: Senator J. Brown  
6  
7

## For An Act To Be Entitled

9 "AN ACT TO ALLOW AN INCOME TAX CREDIT FOR VOLUNTARY  
10 CONTRIBUTIONS TO SCHOOL TUITION ORGANIZATIONS; AND FOR  
11 OTHER PURPOSES. "

### Subtitle

14 "AN ACT TO ALLOW AN INCOME TAX CREDIT FOR  
15 VOLUNTARY CONTRIBUTIONS TO SCHOOL  
16 TUITION ORGANIZATIONS; AND FOR OTHER  
17 PURPOSES. "

18  
19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 SECTION 1. (a) For purposes of this section:

22 (1) "Qualified school" means a public or a private elementary or  
23 secondary school in this state that does not discriminate on the basis of  
24 race, color, sex, handicap, familial status or national origin.

25 (2) "School tuition organization" means a charitable organization  
26 in this state that is exempt from federal taxation under section 501(c)(3) of  
27 the Internal Revenue Code and that allocates at least ninety percent (90%) of  
28 its annual revenue for educational scholarships or tuition grants to children  
29 to allow them to attend any qualified school of their parents' choice. In  
30 addition, to qualify as a school tuition organization the charitable  
31 organization shall provide educational scholarships or tuition grants to  
32 students who demonstrate financial need using the criteria set forth in  
33 Arkansas Code §6-82-1005(3)(A) through (C) and shall limit the scholarships or  
34 grants to one-half (1/2) of the amount of the student's annual tuition.  
35 Furthermore, to qualify as a school tuition organization, the charitable  
36 organization shall provide the scholarships and grants to students without

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1 limiting availability to students of only one school.

2 (b) For taxable years beginning after December 31, 1999, a credit is  
3 allowed against the taxes imposed by the Arkansas Income Tax Act, as amended,  
4 §§ 26-51-101 through 26-51-1801 for the amount of voluntary cash contributions  
5 made by an individual taxpayer during the taxable year to a school tuition  
6 organization, not to exceed one hundred dollars (\$100) in any taxable year.  
7 The five hundred dollar (\$500) limitation also applies to taxpayers who elect  
8 to file a joint return for the taxable year. A husband and wife who file  
9 separate returns for a taxable year in which they could have filed a joint  
10 return may each claim only one-half (1/2) of the tax credit that would have  
11 been allowed for a joint return.

12 (c) For taxable years beginning December 31, 1999, a credit is allowed  
13 against the taxes imposed by the Arkansas Income Tax Act, as amended, §§ 26-  
14 51-101 through 26-51-1801 for the amount of voluntary cash contributions made  
15 by a corporate taxpayer during the taxable year to a school tuition  
16 organization, not to exceed two hundred dollars (\$200) in any taxable year.

17 (d) If the allowable tax credit exceeds the taxes otherwise due on the  
18 claimant's income, or if there are no taxes due, the taxpayer may carry the  
19 amount of the claim not used forward for not more than five (5) consecutive  
20 taxable years' income tax liability.

21 (e) The credit allowed by this section is in lieu of any deduction  
22 pursuant to Section 170 of the Internal Revenue Code and taken for state tax  
23 purposes.

24 (f) The tax credit is not allowed if the taxpayer designates the  
25 taxpayers' donation to the school tuition organization for the direct benefit  
26 of any dependent of the taxpayer.

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28 SECTION 2. All provisions of this Act of a general and permanent nature  
29 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
30 Revision Commission shall incorporate the same in the Code.

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32 SECTION 3. If any provision of this Act or the application thereof to  
33 any person or circumstance is held invalid, such invalidity shall not affect  
34 other provisions or applications of the Act which can be given effect without  
35 the invalid provision or application, and to this end the provisions of this  
36 Act are declared to be severable.

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SECTION 4. All laws and parts of laws in conflict with this Act are hereby repealed.

*/s/ J. Brown*