

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 83rd General Assembly
3 Regular Session, 2001

A Bill

SENATE BILL 901

4
5 By: Senator Brown
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For An Act To Be Entitled

8
9 AN ACT TO ALLOW AN INCOME TAX CREDIT FOR
10 VOLUNTARY CONTRIBUTIONS TO SCHOOL TUITION
11 ORGANIZATIONS; AND FOR OTHER PURPOSES.
12

Subtitle

13
14 AN ACT TO ALLOW AN INCOME TAX CREDIT FOR
15 VOLUNTARY CONTRIBUTIONS TO SCHOOL
16 TUITION ORGANIZATIONS.
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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
23 or secondary school in Arkansas that does not discriminate on the basis of
24 race, color, sex, handicap, familial status or national origin.

25 (2) "School tuition organization" means:

26 (A) A charitable organization in Arkansas that is exempt
27 from federal taxation under Section 501(c)(3) of the Internal Revenue Code,
28 as in existence on January 1, 2001, and that allocates at least ninety
29 percent (90%) of its annual revenue for educational scholarships or tuition
30 grants to children to allow them to attend any qualified school of their
31 parents' choice;

32 (B) The charitable organization shall provide educational
33 scholarships or tuition grants to students who demonstrate financial need
34 using the criteria set forth in Arkansas Code § 6-82-1005(3)(A) through (C)
35 and shall limit the scholarships or grants to one-half (1/2) of the amount of
36 the student's annual tuition; and

1 (C) The charitable organization shall provide the
2 scholarships and grants to students without limiting availability to students
3 of only one school.

4 (b)(1) For taxable years beginning after December 31, 2001, a credit
5 is allowed against the taxes imposed by the Arkansas Income Tax Act, as
6 amended, Arkansas Code §§ 26-51-101 through 26-51-1801 for the amount of
7 voluntary cash contributions made by an individual taxpayer during the
8 taxable year to a school tuition organization, not to exceed one hundred
9 dollars (\$100) in any taxable year.

10 (2) The five hundred dollar (\$500) limitation also applies to
11 taxpayers who elect to file a joint return for the taxable year.

12 (3) A husband and wife who file separate returns for a taxable
13 year in which they could have filed a joint return may each claim only one-
14 half (1/2) of the tax credit that would have been allowed for a joint return.

15 (c) For taxable years beginning after December 31, 2001, a credit is
16 allowed against the taxes imposed by the Arkansas Income Tax Act, as amended,
17 Arkansas Code 26-51-101 through 26-51-1801 for the amount of voluntary cash
18 contributions made by a corporate taxpayer during the taxable year to a
19 school tuition organization, not to exceed two hundred dollars (\$200) in any
20 taxable year.

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

25 (e) The credit allowed by this section is in lieu of any deduction
26 pursuant to Section 170 of the Internal Revenue Code, as in existence on
27 January 1, 2001, and taken for state tax purposes.

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

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