

By: Taylor of Galveston
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S.B. No. 4

A BILL TO BE ENTITLED

AN ACT

relating to school choice programs for certain students eligible to attend public school.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1. SCHOOL CHOICE PROGRAM: EDUCATION TUITION GRANTS

SECTION 1.01. Chapter 42, Education Code, is amended by adding Subchapter J to read as follows:

SUBCHAPTER J. EDUCATION TUITION GRANTS

Sec. 42.501. EDUCATION TUITION GRANT PROGRAM. (a) In this section, "eligible student" means a school-age child who resides in the state and who:

(1) is entering kindergarten or first grade;

(2) is in foster care;

(3) is in institutional care; or

(4) has a household income not greater than 150 percent of the income guidelines necessary to qualify for the national free or reduced-price lunch program established under 42 U.S.C. Section 1751 et seq.

(b) From funds appropriated for that purpose, not to exceed \$50 million each state fiscal year, the commissioner by rule shall establish an education tuition grant program under which grants are awarded to the parents or legal guardians of eligible students to be used to pay the costs of attending a private school.

(c) A parent or legal guardian of an eligible student may

1 receive a grant from the state to reimburse the parent or guardian
2 for the tuition paid for the enrollment of the eligible student at a
3 private school in an amount that is the lesser of:

- 4 (1) the tuition paid; or
5 (2) 75 percent of the state average maintenance and
6 operations expenditures per student.

7 (d) Money from the available school fund and federal funds
8 may not be used for a grant under this section.

9 (e) A private school voluntarily selected by a parent for
10 the parent's child to attend, with or without governmental
11 assistance, may not be required to comply with any state law or rule
12 governing the school's educational program that was not in effect
13 on January 1, 2015.

14 (f) The commissioner shall adopt rules as necessary to
15 administer this section.

16 ARTICLE 2. SCHOOL CHOICE PROGRAM: TAX CREDITS FOR CERTAIN
17 CONTRIBUTIONS

18 SECTION 2.01. Chapter 171, Tax Code, is amended by adding
19 Subchapter K to read as follows:

20 SUBCHAPTER K. TAX CREDIT FOR CONTRIBUTIONS TO CERTAIN
21 EDUCATIONAL ASSISTANCE ORGANIZATIONS

22 Sec 171.551. Definitions. In this subchapter:

- 23 (1) "Agency" means the Texas Education Agency.
24 (2) "Commissioner" means the commissioner of
25 education.
26 (3) "Educational assistance organization" means an
27 organization with which the agency contracts to award scholarships

1 to eligible students.

2 Sec. 171.552. ELIGIBILITY REQUIREMENTS FOR EDUCATIONAL
3 ASSISTANCE ORGANIZATION. (a) The commissioner by rule shall
4 prescribe requirements that an organization must meet to be
5 eligible to enter into a contract with the agency to award
6 scholarships under this subchapter as an educational assistance
7 organization.

8 (b) The agency shall enter into a contract with an
9 organization that applies to the agency and that meets the
10 requirements under Subsection (a).

11 (c) An organization that enters into a contract with the
12 agency under this section is an educational assistance organization
13 and may award scholarships under this subchapter as provided by the
14 contract.

15 Sec. 171.553. NONPUBLIC SCHOOL REQUIREMENTS. The
16 commissioner by rule shall prescribe requirements that a nonpublic
17 school must meet for students enrolled in the school to be eligible
18 to receive scholarships from educational assistance organizations
19 under this subchapter.

20 Sec. 171.554. ELIGIBILITY OF STUDENTS. (a) To be eligible
21 to apply for assistance from an educational assistance organization
22 under this subchapter, a student must be a student in a public or
23 nonpublic elementary or secondary school located in this state and
24 must:

- 25 (1) be entering kindergarten or first grade;
26 (2) be in foster care;
27 (3) be in institutional care; or

1 (4) have a household income not greater than 150
2 percent of the income guidelines necessary to qualify for the
3 national free or reduced-price lunch program established under 42
4 U.S.C. Section 1751 et seq.

5 (b) The commissioner shall adopt rules necessary to
6 implement this section.

7 Sec. 171.555. CREDIT FOR CONTRIBUTIONS. A taxable entity
8 may apply for a credit under this subchapter only for money
9 contributed to an educational assistance organization and
10 designated for scholarships for eligible students.

11 Sec. 171.556. LIMIT ON AMOUNT OF SCHOLARSHIP. The maximum
12 scholarship amount an educational assistance organization may
13 award to a student under this subchapter may not exceed 75 percent
14 of the amount of funding equal to the statewide average amount to
15 which a school district would be entitled under the Foundation
16 School Program under Chapter 42, Education Code, for a student in
17 average daily attendance.

18 Sec. 171.557. AMOUNTS; LIMITATION ON TOTAL CREDITS.

19 (a) Subject to Subsections (b) and (c), the amount of a taxable
20 entity's annual credit is equal to the lesser of the amount of the
21 qualifying contributions made by the taxable entity or the taxable
22 entity's tax liability under this chapter after all other
23 applicable credits.

24 (b) The total amount of tax credits that may be awarded
25 under this subchapter and Chapter 230, Insurance Code, may not
26 exceed \$50 million per state fiscal year.

27 (c) The comptroller by rule shall prescribe procedures by

1 which the comptroller may allocate credits under this subchapter.

2 Sec. 171.558. RULES; PROCEDURES. The comptroller shall
3 adopt rules and procedures to implement, administer, and enforce
4 this subchapter.

5 SECTION 2.02. Subtitle B, Title 3, Insurance Code, is
6 amended by adding Chapter 230 to read as follows:

7 CHAPTER 230. CREDIT AGAINST PREMIUM TAXES FOR CERTAIN
8 CONTRIBUTIONS

9 SUBCHAPTER A. GENERAL PROVISIONS

10 Sec. 230.001. DEFINITIONS. In this chapter:

11 (1) "Educational assistance organization" has the
12 meaning assigned by Section 171.551, Tax Code.

13 (2) "State premium tax liability" means any liability
14 incurred by an entity under Chapters 221 through 226.

15 SUBCHAPTER B. CREDIT

16 Sec. 230.051. CREDIT. An entity may apply for a credit
17 against the entity's state premium tax liability in the amount and
18 under the conditions and limitations provided by this chapter.

19 Sec. 230.052. AMOUNTS; LIMITATION ON TOTAL CREDITS.

20 (a) Subject to Subsection (b), the amount of an entity's credit is
21 equal to the lesser of the amount of the qualifying contributions
22 made to an educational assistance organization or the entity's
23 state premium tax liability after all other applicable credits if
24 the contributions and the organizations that received the
25 contributions meet the requirements prescribed by Subchapter K,
26 Chapter 171, Tax Code.

27 (b) The total amount of tax credits that may be awarded

1 under this chapter and Subchapter K, Chapter 171, Tax Code, may not
2 exceed \$50 million per state fiscal year.

3 Sec. 230.053. RULES; PROCEDURES. The comptroller shall
4 adopt rules and procedures to implement, administer, and enforce
5 this chapter.

6 ARTICLE 3. EFFECTIVE DATE

7 SECTION 3.01. This Act takes effect January 1, 2016.