



Council for Lifelong Learning

Corporate Income Tax Credit Scholarship Program

Fact Sheet

September 2001

<p>1. What is the Corporate Income Tax Credit Scholarship Program?</p>	<p>The Corporate Income Tax Credit Scholarship Program (program) was established by the 2001 Legislature (Ch. 2001-225, L.O.F.) to provide an income tax credit for corporations that provide monetary contributions to nonprofit scholarship-funding organizations (SFOs) that award scholarships to students from families with limited financial resources. The purpose of the tax credit is to:</p> <ul style="list-style-type: none">• encourage private, voluntary contributions to nonprofit scholarship-funding organizations;• expand educational opportunities for children from families that have limited financial resources; and• enable children in Florida to achieve a greater level of excellence in their education.
<p>2. Who is eligible for a scholarship from a nonprofit scholarship-funding organization under this program?</p>	<p>A student is eligible for a scholarship from a nonprofit scholarship-funding organization through this program, if the student qualifies for free or reduced-price school lunches under the National School Lunch Act and:</p> <ol style="list-style-type: none">1. was counted as a full-time-equivalent student during the previous state fiscal year for purposes of state per-student funding; or2. received a scholarship from an eligible nonprofit scholarship-funding organization during the previous school year.
<p>3. What is the maximum award amount of a scholarship?</p>	<p>The amount of the scholarship provided to any child for any single school year by all eligible nonprofit scholarship-funding organizations must not exceed the following limits:</p> <ul style="list-style-type: none">• \$3,500 for a scholarship awarded for a student to enroll in an eligible nonpublic school.• \$500 for a scholarship awarded for a student to enroll in a Florida public school that is located outside the district in which the student resides.
<p>4. What types of expenses are covered by the scholarships?</p>	<p>Eligible nonprofit scholarship-funding organizations must provide scholarships, from eligible contributions, to qualified students for the following expenses:</p> <ul style="list-style-type: none">• tuition or textbook expenses for, or transportation to, an eligible nonpublic school (at least 75 percent must be used to pay tuition expenses); or• transportation expenses to a Florida public school that is located outside the district in which the student resides.

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<p>5. What criteria must a nonpublic school meet in order to become eligible to participate in this program?</p>	<p>An eligible nonpublic school must be located in Florida and must offer an education to students in any grades K-12 and must meet the following criteria:</p> <ul style="list-style-type: none"> • demonstrate fiscal soundness by: (1) being in operation for one school year, (2) providing the Department of Education (DOE) with a statement by a certified public accountant confirming that the school is insured and has sufficient capital or credit to operate for the upcoming year, or (3) securing a surety bond or letter of credit equal to the scholarship funds for any quarter to be filed with the Department of Revenue (DOR); • meet state and local health and safety laws and codes; • comply with antidiscrimination provisions of 42 U.S.C. s. 2000d, which prohibits discrimination based on race, color, or national origin; and • comply with all state laws relating to the general regulation of nonpublic schools.
<p>6. What qualifies as an eligible contribution?</p>	<p>An eligible contribution is a monetary contribution from a taxpayer to an eligible nonprofit scholarship-funding organization. The taxpayer may not designate a specific child as the beneficiary of the contribution and may not contribute more than \$5 million to any single eligible nonprofit scholarship-funding organization.</p>
<p>7. How much of a tax credit may a corporation receive for contributing to a nonprofit scholarship-funding organization?</p>	<p>The taxpayer may receive a dollar for dollar credit for an eligible contribution against any tax due for a taxable year, but the credit may not exceed 75 percent of the tax due, after the application of all other allowable tax credits.</p> <p>If the credit granted is not fully used in any one year, the unused amount may not be carried forward. The taxpayer may not convey, assign, or transfer the credit authorized to another entity unless all of the assets of the taxpayer are conveyed, assigned, or transferred in the same transaction.</p>
<p>8. Is there a statewide cap on the amount of the tax credit that may be granted under this program?</p>	<p>Yes. The total statewide amount of the tax credit that may be granted each state fiscal year under this program is limited to \$50 million. At least 5 percent of the total statewide amount authorized for the tax credit must be reserved for small businesses. According to current law, small businesses are defined as taxpayers who independently own and operate businesses that employ 200 or fewer full-time permanent employees and have a net worth of not more than \$5 million at the time of application.</p>

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<p>9. Are contributions to a nonprofit scholarship-funding organization limited?</p>	<p>Yes. Under this program, the amount of eligible contributions that a nonprofit scholarship-funding organization may accept is limited to the amount needed to provide scholarships for qualified students that the organization has identified and for which vacancies in eligible nonpublic schools have been identified.</p>
<p>10. What are eligible nonprofit scholarship-funding organizations?</p>	<p>Eligible nonprofit scholarship-funding organizations are charitable organizations that are exempt from the federal income tax as defined in s. 501(c)(3) of the Internal Revenue Code. Eligible nonprofit scholarship-funding corporations are required to meet the following criteria:</p> <ul style="list-style-type: none"> • provide scholarships, from eligible contributions to qualified students; • give priority to qualified students who received a scholarship from an eligible nonprofit scholarship-funding organization during the previous year; • spend 100% of the eligible contribution to provide scholarships in the same state fiscal year in which the contribution was received (the state fiscal year begins on July 1 and ends on June 30 of each year); • not use any portion of eligible contributions for administrative expenses; • use all interest accrued from contributions for scholarships; and • provide the Auditor General with an annual financial and compliance audit of their accounts and records conducted by independent certified public accountants.
<p>11. How is a scholarship payment made?</p>	<p>The payment will be made by check payable to the student's parent. If the parent chooses for his or her child to attend an eligible nonpublic school, the check must be mailed by the eligible nonprofit scholarship-funding organization to the nonpublic school of the parent's choice, and the parent must restrictively endorse the check to the nonpublic school.</p> <p>The nonprofit scholarship-funding organization must ensure that the parent endorses the check to the nonpublic school of the parent's choice for deposit into the account of the nonpublic school.</p>
<p>12. Who is responsible for administering the Corporate Income Tax Credit Scholarship Program?</p>	<p>The Department of Revenue and the Department of Education will cooperatively administer the Corporate Income Tax Credit Scholarship Program.</p> <p>The Department of Education is responsible for adopting rules necessary to determine the eligibility of nonprofit</p>

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	<p>scholarship-funding organizations and identify students eligible to participate in the program. The Department of Education is also responsible for submitting annually, by March 15, a list of eligible nonprofit scholarship-funding organizations to the Department of Revenue.</p> <p>The Department of Education must monitor:</p> <ul style="list-style-type: none"> • the eligibility of nonprofit scholarship-funding organizations; • the eligibility of nonpublic schools; and • the eligibility of expenditures. <p>The Department of Revenue is responsible for adopting rules to administer the Corporate Income Tax Credit Scholarship Program, including:</p> <ul style="list-style-type: none"> • establishing application forms and procedures; and • governing the allocation of tax credits for this program on a first-come, first-served basis.
<p>13. What are the applicable statutes and rules?</p>	<p>Section 220.187, F.S. -- Corporate Income Tax Credit Scholarship Program Section 288.703(1), F.S. -- Definition of small business</p>
<p>14. Where can I get additional information?</p>	<p>Florida Department of Education Office of Public School Choice (850) 488-5011 or DOE Hotline 1-800-447-1636 www.floridaschoolchoice.org</p> <p>Florida Department of Revenue Robert DuCasse, Taxpayer Section (850) 922-4715</p> <p>The Florida House of Representatives Council for Lifelong Learning (850) 414-6694</p> <p>The Florida House of Representatives Committee on Education Innovation (850) 488-7451</p>