



H.B. 202

124th General Assembly
(As Introduced)

Reps. Gilb, Grendell, Seitz, Flowers, Willamowski, DeWine, Brinkman, Goodman, White, Raga, DePiero, Young, Jerse, Seaver, Schaffer, Webster, Flannery, Husted, Latta, Wolpert, Schmidt, Williams

BILL SUMMARY

- Authorizes nonrefundable credits against the personal income tax and the corporation franchise tax for contributions to certain nonprofit organizations that provide scholarships for low-income children.
- Authorizes a nonrefundable credit against the personal income tax for children's educational expenses.

CONTENT AND OPERATION

Tax credits for contributions to scholarship organizations

(secs. 5733.45, 5733.98, 5747.71, and 5747.98)

The bill grants nonrefundable credits against the corporation franchise tax and the personal income tax for contributions made by corporations or individuals to nonprofit organizations that award scholarships for low-income children to attend primary or secondary schools in Ohio. The schools may be public or nonpublic. For the purpose of the bill, a low-income child is one who is eligible for free or reduced price meals or free milk under the National School Lunch Program, School Breakfast Program, or Special Milk Program for Children--i.e., the child's family's income is no greater than 185% of the poverty level (adjusted for family size).

In order for a contribution to qualify for a credit under the bill, it must be contributed to a "nonprofit scholarship funding organization"--i.e., a nonprofit, federally tax exempt organization that allocates at least 85% of its annual revenue to providing tuition scholarships to low-income children enrolled in primary and secondary schools in Ohio; that limits the amount of annual scholarship aid awarded to any child to 90% of annual tuition; and that prohibits any child from

receiving a tuition scholarship if the child has been awarded a tuition scholarship from any other nonprofit scholarship funding organization for the same school year. Also, the taxpayer may not designate specific children or groups of children as the beneficiaries of the contributions. Finally, the Tax Commissioner must approve the credit under administrative rules to be adopted by the Commissioner.

The corporation franchise tax credit may not be greater than \$10,000 per year, or the amount of the corporation's net tax liability, whichever is less. An individual's credit may not exceed \$1,000 annually for a joint return or \$500 for a single return, or the taxpayer's net end-of-year tax liability, whichever is less.

The corporation franchise tax credit is available for tax years 2002 and thereafter; the credit for individuals applies to contributions made in taxable years beginning in 2001 or thereafter.

Income tax credit for children's educational expenses

(secs. 5747.72 and 5747.98)

The bill grants a nonrefundable income tax credit to individuals for "qualifying educational expenses"--i.e., tuition paid by the individual for enrollment of the individual's dependents in a primary or secondary school and expenses for textbooks, software, other instructional materials, and computers and peripheral equipment used by the dependent in the course of enrollment at such a school. The credit may not exceed \$100 per tax return per year, or the taxpayer's net end-of-year tax liability, whichever is less.

The credit applies to expenses paid or incurred by an individual during taxable years beginning in 2001 or thereafter.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	04-05-01	pp. 296-297

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