



## Guidance Document Tax Credit Scholarship and Innovation Education Program

Guidance for Educational Improvement Programs, initiated by SB 410 (2015) is being updated for amendments to [§15-30-3102, MCA](#) and [15-30-3110, MCA](#) by the actions of [HB408](#) (2023 Legislative session). These amendments change the definition of the Innovative Education Program, increase the aggregate tax credit limits for the credits, limits the amount of donations that a school district may retain, and provide for redistribution of funds that exceed a school district's limit to school districts that receive advanced opportunity aid.

As a portion of the amended language, an Innovative Educational Program state special revenue account is established to be administered by the Superintendent of Public Instruction and statutorily appropriates revenue in the account. The account revenues come from excess donations, transferred from school districts where tax credit donations exceeded limits set within this legislation, plus interest and earnings from the account.

The aggregate amount of tax credits allowed are \$5 million in tax year 2024, with increases through December 31, 2029, statewide, to be spent at the discretion of trustees, for Innovative Education Programs. School districts must seek preapproval and are limited to the amount of tax credit donations a district may retain. See the guidance links on page 2 of this document.

School districts are limited in the amount of tax credit donations they may retain. The limits are the greater of:

- A) \$50,000, or
- B) 15% of the district's maximum general fund budget, or
- C) 20% of the maximum amount of statewide donations allowed for that fiscal year.

Any donation amount that exceeds the district limitation must be transferred to OPI to the Innovative Educational Program state special revenue account.

Please see [Tax Credit Donation Maximum Limit Amounts](#) for a list of schools and their maximum donation limits.

The OPI is to distribute the funds received in the Innovative Educational Program account to school districts for advanced opportunity aid under 20-7-1506(4), MCA, and are deposited in school districts' flexibility fund to be used to pay pupil costs as provided in 20-7-1506(5)(a). The funds must be distributed at the same time as the advanced opportunity aid distributions by October 1 each year. Refer to the Advanced Opportunities Aid Guidance document on the OPI website for more information associated with the Innovative Educational Program state special revenue account distributions.

Earlier guidance established revenue code 1925 for the Innovative Education Payment to be deposited to the district's Miscellaneous Programs Fund (15). The original Innovative Education Program directed payments to the district's Flexibility Fund (29) and the district should continue to expend revenue from these **prior year** payments from the Flexibility Fund (29) and **current revenue** from the Miscellaneous Programs Fund (15) using program code 192 Innovative Education Payment.

## Permissible Expenditures Include

Section 15-30-3102(4), MCA defines permissible Innovative Education expenditures as follows:

(4) "Innovative educational program" includes any of the following:

- Transformational learning as defined in section 20-7-1602, MCA
- Advanced opportunity as defined in section 20-7-1503, MCA
- Any program, service, instructional methodology, or adaptive equipment used to expand opportunity for a child with a disability as defined in section 20-7-401, MCA
- Any courses provided through work-based learning partnerships or for postsecondary credit or career certification
- Technology enhancements, including but not limited to any expenditure incurred for purposes specified in section 20-9-533, MCA and
- Capital improvements and equipment necessary to support an innovative educational program.

For more information, please see the [DOR tax credit website](#). The [Tax Credits for Qualified Education Contributions Guide](#) can be found by clicking on the FAQ in the upper right-hand corner. The guide is a link at the bottom of the webpage.

## OPI Accounting Guidance

### **Revenue should be deposited to:**

Programs Fund 15

1925

Unique Project Reporter Code is required

### **Expenditures should be coded to:** Miscellaneous

Miscellaneous Programs Fund 15 Revenue Source

Program 192

Unique Project Reporter Code is required

Coding questions can be addressed to Laci Novark at [Laci.Novark@mt.gov](mailto:Laci.Novark@mt.gov)