

## Tax Credits for Education Donations

Senate Bill 410 (2015 Legislature) provides tax credits for individuals and corporations for charitable donations to 1) an educational improvement account for the purpose of funding innovative educational programs and technology deficiencies in public schools or 2) non-profit, private school student scholarship organizations. The amount of the tax credit is equal to the amount of the donation, not to exceed \$150. The aggregate amount of tax credits for donations to the education improvement account was limited to \$3 million in tax year 2016. If the limit is reached in a year, the aggregate amount will increase by 10% in the succeeding tax year, but so far the limit has not been reached. Likewise, the aggregate amount of tax credits for donations to student scholarship organizations was limited to \$3 million in tax year 2016. If the limit is reached in a year, the aggregate amount will increase by 10% in the succeeding year.

Donations made to the educational improvement account will be distributed to public schools by the Office of Public Instruction. A taxpayer may designate a donation among eleven geographic areas in the state and/or the seven largest school districts. Donations to geographic areas will be distributed to the school districts in the area in proportion to the number of quality educators in a school district compared to the number of quality educators in the area. The monies must be deposited in the district's school flexibility fund, and the district is required to report the expenditure of supplemental funding for specific schools to the superintendent of public instruction. SB 410 provides the superintendent of public instruction with rulemaking authority to implement and administer these duties. Tax payments can be made on the Montana Department of Revenue website at: [CLICK HERE](#)

For the student scholarship organizations, an individual or corporation that makes a donation to a scholarship organization will receive a tax credit equal to the donation, but not to exceed \$150. The scholarship organization provides scholarships to eligible students to attend private school instruction offered by a qualified education provider, who is selected by the student's parent or legal guardian. The qualified education provider cannot be a public school or a home school. The provider must be either an accredited program or must inform the child's parents or legal guardian in writing at the time of enrollment that the provider is not accredited and is not seeking accreditation.

### A student scholarship organization

- may not restrict or reserve scholarships for use at a particular education provider or any particular type of education provider;
- may not provide a scholarship to an eligible student for an academic year that exceeds 50% of the per-pupil average of total public school expenditures as calculated by the Office of Public Instruction; and
- must ensure that the organization's average scholarship for an academic year does not exceed 30% of the per-pupil average of total public school expenditures.

Section 20-9-570, MCA requires the Office of Public Instruction to calculate the per-pupil average of total public school expenditures in Montana for the second most recently completed school year by August 1 and make the calculation available to the public. Expenditures in twenty school district funds are included in the calculation of per-pupil expenditures. The total pupil count is based on enrollment, not average number belonging.

The per-pupil average of total public school expenditures for the 2015-16 school year was \$12,043.