



## Guidance Document Tax Credit Scholarship and Innovation Education Program

The Educational Improvement Program, [HB408](#) (2023 Legislative session), amends [§15-30-3102, MCA](#) and [15-30-3110, MCA](#). These amendments change the definition of the Innovative Education Program, the tax credit caps, and the amounts that can be retained. 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.

This legislation allows an increase of up to \$2 million in tax year 2023 and up to \$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.

Donations more than \$50,000 OR 15% of the district's maximum general fund budget OR 20% of the maximum amount of statewide donations allowed for that fiscal year, whichever is greater, must be transferred to OPI to the Innovative Educational Program state special revenue account.

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 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.

Starting in FY 2022 revenue code 1925 Innovative Education Payment will be recorded in the Miscellaneous Programs Fund (15). Districts should continue to expend revenue from **prior years** in 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 is modified to define Innovative Education as follows:

- (4) "Innovative educational program" includes any of the following:
  - (a) transformational learning as defined in 20-7-1602, MCA;
  - (b) advanced opportunity as defined in 20-7-1503, MCA;
  - (c) any program, service, instructional methodology, or adaptive equipment used to expand opportunity for a child with a disability as defined in 20-7-401, MCA;
  - (d) any courses provided through work-based learning partnerships or for postsecondary credit or career certification;
  - (e) technology enhancements, including but not limited to any expenditure incurred for purposes specified in 20-9-533, MCA; and
  - (f) capital improvements and equipment necessary to support an innovative educational program.

For more information, the following is a link to 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

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