

The Senate Committee on Rules offered the following substitute to HB 328:

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 2A of Title 20 and Chapter 7 of Title 48 of the Official Code of Georgia
2 Annotated, relating to student scholarship organizations and income taxes, respectively, so
3 as to revise provisions for student eligibility and maximum scholarship amounts; to provide
4 for military students and students with Individualized Education Programs (IEPs), Section
5 504 Plans, or other designated disabilities; to provide for such designation; to prohibit
6 members of the General Assembly and their spouses from receiving income from student
7 scholarship organizations that receive certain contributions; to provide for an alternative
8 method for the deposit of a scholarship award; to increase the annual aggregate limit of tax
9 credits allowed for certain contributions to student scholarship organizations; to increase the
10 annual aggregate amount of such tax credits allowed for business enterprises for state
11 insurance premium tax liability; to increase the annual aggregate limit for tax credits
12 available for qualified education donations; to provide for related matters; to provide for an
13 effective date and applicability; to repeal conflicting laws; and for other purposes.

14 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

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SECTION 1.

16 Chapter 2A of Title 20 of the Official Code of Georgia Annotated, relating to student
17 scholarship organizations, is amended by revising paragraph (1) of Code Section 20-2A-1,
18 relating to definitions, as follows:

19 "(1) 'Eligible student' means a student who is a Georgia resident who, immediately prior
20 to receiving a scholarship or tuition grant under Code Section 20-2A-2 and enrolling in
21 a qualified school or program, was enrolled in and attended for at least six weeks a
22 Georgia secondary or primary public school or who is eligible to enroll in a qualified first
23 grade, kindergarten program, or pre-kindergarten program; provided, however, that, if a
24 student is deemed an eligible student pursuant to this paragraph, he or she shall continue
25 to qualify as such until he or she graduates, reaches the age of 20, or returns to a public
26 school, whichever occurs first; and provided, further, that the enrollment and six-week
27 public school attendance requirements shall be waived in the case of a student whose
28 parent is an active duty military service member stationed in Georgia during the previous
29 year; a student with an Individualized Education Program (IEP) or a Section 504 Plan or
30 who has been diagnosed with dyslexia, autism spectrum disorder, speech-language delay
31 and disorder, hearing loss, or another intellectual and developmental disability designated
32 by the Department of Education pursuant to Code Section 20-2A-2; or a student who,
33 based on the school attendance zone of his or her primary residence, is or would be
34 assigned to a public school that the Office of Student Achievement determines to be a
35 low-performing school, who is the subject of officially documented cases of school based
36 physical violence or student related verbal abuse threatening physical harm, or who was
37 enrolled in a home study program meeting the requirements of subsection (c) of Code
38 Section 20-2-690 for at least one year immediately prior to receiving a scholarship or
39 tuition grant under Code Section 20-2A-2."

SECTION 2.

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41 Said chapter is further amended by revising paragraph (1) of Code Section 20-2A-2, relating
42 to requirements for student scholarship organizations, as follows:

43 "(1) With respect to the first \$1.5 million of its annual revenue received from donations
44 for scholarships or tuition grants, including interest earned on deposits and investments
45 of scholarship funds or tuition grants, shall obligate at least 92 percent of such revenue
46 for scholarships or tuition grants; with respect to its annual revenue received from
47 donations for scholarships or tuition grants in excess of \$1.5 million and up to and
48 including \$10 million, including interest earned on deposits and investments of
49 scholarship funds or tuition grants, shall obligate at least 94 percent of such revenue for
50 scholarships or tuition grants; with respect to its annual revenue received from donations
51 for scholarships or tuition grants in excess of \$10 million and up to and including \$20
52 million, including interest earned on deposits and investments of scholarship funds or
53 tuition grants, shall obligate at least 95 percent of such revenue for scholarships or tuition
54 grants; and, with respect to its annual revenue received from donations for scholarships
55 or tuition grants in excess of \$20 million, including interest earned on deposits and
56 investments of scholarship funds or tuition grants, shall obligate at least 96 percent of
57 such revenue for scholarships or tuition grants. On or before the end of the calendar year
58 following the calendar year in which a student scholarship organization receives revenues
59 from donations and obligates them for the awarding of scholarships or tuition grants, the
60 student scholarship organization shall designate the obligated revenues for specific
61 student recipients. Once the student scholarship organization designates obligated
62 revenues for specific student recipients, in the case of multiyear scholarships or tuition
63 grants, the student scholarship organization may distribute the entire obligated and
64 designated revenues to a qualified school or program to be held in accordance with
65 Department of Revenue rules for distribution to the specified recipients during the years
66 in which the recipients are projected in writing by the private school to be enrolled at the

67 qualified school or program. In making a multiyear distribution to a qualified school or
68 program, the student scholarship organization shall require that if the designated student
69 becomes ineligible or for any other reason the qualified school or program elects not to
70 continue disbursement of the multiyear scholarship or tuition grant to the designated
71 student for all the projected years, then the qualified school or program shall immediately
72 return the remaining funds to the student scholarship organization. Once the student
73 scholarship organization designates obligated revenues for specific student recipients, in
74 the case of multiyear scholarships or tuition grants for which the student scholarship
75 organization distributes the obligated and designated revenues to a qualified school or
76 program annually rather than the entire amount, if the designated student becomes
77 ineligible or for any other reason the student scholarship organization elects not to
78 continue disbursement for all years, then the student scholarship organization shall
79 designate any remaining previously obligated revenues for a new specific student
80 recipient on or before the end of the following calendar year. Unless the student has an
81 Individualized Education Program (IEP) or a Section 504 Plan or has been diagnosed
82 with dyslexia, autism spectrum disorder, speech-language delay and disorder, hearing
83 loss, or another intellectual and developmental disability (IDD) designated by the
84 Department of Education pursuant to this paragraph, the The maximum scholarship
85 amount given by the student scholarship organization in any given year shall not exceed
86 the average state and local expenditures per student in fall enrollment in public
87 elementary and secondary education for this state. The Department of Education shall
88 determine and publish such amount and such designated IDDs annually, no later than
89 January 1;"

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SECTION 3.

91 Said chapter is further amended by adding a new Code section to read as follows:

92 "20-2A-2.2.
93 No member of the General Assembly or a spouse of a member of the General Assembly
94 shall receive any income from a student scholarship organization during a taxable year in
95 which such organization receives a contribution for which a tax credit pursuant to Code
96 Section 48-7-29.16 was approved."

97 **SECTION 4.**

98 Said chapter is further amended by revising Code Section 20-2A-5, relating to parent or
99 guardian endorsement of award required, as follows:

100 "20-2A-5.

101 The parent or guardian to whom a scholarship award is granted must restrictively endorse
102 the scholarship award to the private school for deposit into the account of the private school
103 or authorize by electronic signature for the deposit to be made into the account of the
104 private school consistent with regulations issued by the Department of Revenue. The
105 parent or guardian may not designate any entity or individual associated with the
106 participating private school as the parent's attorney in fact to endorse a scholarship award.
107 A participant who fails to comply with this Code section forfeits the scholarship."

108 **SECTION 5.**

109 Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to income tax
110 imposition, rate, computation, exemptions, and credits, is amended in Code Section
111 48-7-29.16, relating to tax credits for contributions to student scholarship organizations, by
112 revising paragraphs (1) and (1.1) of subsection (f) as follows:

113 "(f)(1) The aggregate amount of tax credits allowed under this Code section shall not
114 exceed:

115 (A) ~~Fifty-eight million dollars for the year ending on December 31, 2018;~~

116 (B) ~~For 2019 through 2022, \$100 million per year; and~~

117 ~~(C) For 2023 and all subsequent years, \$120~~ \$225 million per year.
118 (1.1) In no event shall the aggregate amount of tax credits allowed under this Code
119 section to all business enterprises for state insurance premium tax liability owed pursuant
120 to Code Section 33-8-4 exceed ~~\$6 million~~ 6 percent of the aggregate amount of tax
121 credits allowed under this Code section for any year as provided in paragraph (1) of this
122 subsection."

123 **SECTION 6.**

124 Said chapter is further amended in Code Section 48-7-29.21, relating to tax credits for
125 donations to nonprofit corporations awarding grants to public schools, by revising paragraph
126 (1) of subsection (f) as follows:

127 "(f)(1) In no event shall the aggregate amount of tax credits allowed under this Code
128 section exceed: \$25 million per calendar year

129 ~~(A) \$5 million for the tax year ending on December 31, 2023; or~~

130 ~~(B) \$15 million for the tax year 2024, and for all subsequent tax years."~~

131 **SECTION 7.**

132 This Act shall become effective on July 1, 2026, and shall be applicable to all taxable years
133 beginning on or after January 1, 2027.

134 **SECTION 8.**

135 All laws and parts of laws in conflict with this Act are repealed.