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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1642 Session of  
2021

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INTRODUCED BY WHITE, ROTHMAN, RYAN, KAUFFMAN, GROVE, DRISCOLL,  
ZIMMERMAN, THOMAS, PENNYCUICK AND LEWIS, JUNE 16, 2021

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REFERRED TO COMMITTEE ON EDUCATION, JUNE 16, 2021

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AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An  
2 act relating to the public school system, including certain  
3 provisions applicable as well to private and parochial  
4 schools; amending, revising, consolidating and changing the  
5 laws relating thereto," in educational tax credits, further  
6 providing for definitions, for qualification and application  
7 by organizations, for application by business firms, for tax  
8 credits, for limitations and for opportunity scholarships.

9 The General Assembly of the Commonwealth of Pennsylvania

10 hereby enacts as follows:

11 Section 1. The definition of "economically disadvantaged  
12 school" in section 2002-B of the act of March 10, 1949 (P.L.30,  
13 No.14), known as the Public School Code of 1949, is amended and  
14 the section is amended by adding definitions to read:

15 Section 2002-B. Definitions.

16 The following words and phrases when used in this article  
17 shall have the meanings given to them in this section unless the  
18 context clearly indicates otherwise:

19 \* \* \*

20 "Economically disadvantaged school." Any school within this  
21 Commonwealth at which at least [75%] 51% of the students

1 attending the school in the immediately preceding school year  
2 received a scholarship pursuant to this article.

3 \* \* \*

4 "Fiscal year." The Commonwealth's fiscal year beginning July  
5 1 and ending June 30.

6 \* \* \*

7 "Taxable year." A taxpayer's annual accounting period or, if  
8 a return is made for a period of less than 12 months, the period  
9 for which the return is made.

10 Section 2. Sections 2003-B(d.3) and 2004-B(a) (2) of the act  
11 are amended to read:

12 Section 2003-B. Qualification and application by organizations.

13 \* \* \*

14 (d.3) [Opportunity scholarship] Scholarship organization for  
15 economically disadvantaged schools.--

16 (1) [In] Effective July 1, 2020, in addition to the  
17 other requirements of this article, [an opportunity] a  
18 scholarship organization that intends to provide  
19 [opportunity] scholarship awards to applicants of  
20 economically disadvantaged schools must demonstrate a history  
21 of serving schools throughout this Commonwealth and the  
22 capacity to distribute [opportunity] scholarships Statewide  
23 to applicants of economically disadvantaged schools.

24 (2) [An opportunity] A scholarship organization must  
25 agree to distribute [opportunity] scholarships to applicants  
26 of economically disadvantaged schools not later than  
27 [December] February 1 of the applicable school year.

28 (3) Notwithstanding any other provision of this article  
29 to the contrary, the department may not for any school year  
30 qualify more than one [opportunity] scholarship organization

1 for the provision of [opportunity] scholarships to applicants  
2 of economically disadvantaged schools.

3 \* \* \*

4 Section 2004-B. Application by business firms.

5 (a) Scholarship organization, pre-kindergarten scholarship  
6 organization or opportunity scholarship organization.--

7 \* \* \*

8 (2) A business firm that intends to apply to the  
9 department for a tax credit for contributions [to the  
10 opportunity scholarship organization that qualifies under  
11 section 2003-B(d.3)] for students attending an economically  
12 disadvantaged school must submit an application separate from  
13 an application for tax credits to a scholarship organization,  
14 pre-kindergarten scholarship organization or [other]  
15 opportunity scholarship organization. The contribution shall  
16 be made to the designated scholarship organization for the  
17 economically disadvantaged schools and shall be separately  
18 accounted for and distributed by the designated scholarship  
19 organization.

20 \* \* \*

21 Section 3. Section 2005-B(b), (c)(2), (d), (i)(5) and (j)(1)  
22 and (2) of the act are amended and subsection (i) is amended by  
23 adding a paragraph to read:

24 Section 2005-B. Tax credits.

25 \* \* \*

26 (b) Additional amount.--In accordance with section 2006-B,  
27 the Department of Revenue shall grant a tax credit of up to 90%  
28 of the total amount contributed during the taxable year if the  
29 business firm provides a written commitment to provide the  
30 scholarship organization, educational improvement organization

1 or opportunity scholarship organization with the same amount of  
2 contribution for two consecutive [tax] taxable years. The  
3 business firm must provide the written commitment under this  
4 subsection to the department at the time of application.

5 (c) Pre-kindergarten scholarship organizations.--In  
6 accordance with section 2006-B, the Department of Revenue shall  
7 grant a tax credit against any applicable tax to a business firm  
8 providing proof of a contribution to a pre-kindergarten  
9 scholarship organization in the taxable year in which the  
10 contribution is made in accordance with the following:

11 \* \* \*

12 (2) [The] For each fiscal year, the tax credit shall not  
13 exceed \$200,000 annually per business firm for contributions  
14 made to pre-kindergarten scholarship organizations, except as  
15 provided in subsection (i).

16 (d) Combination of tax credits.--In accordance with section  
17 2006-B, a business firm may receive tax credits from the  
18 Department of Revenue in any [tax] fiscal year for any  
19 combination of contributions under subsection (a), (a.1), (b) or  
20 (c). Except as provided in subsection (i), in no case may a  
21 business firm receive tax credits in any [tax] fiscal year in  
22 excess of the following:

23 (1) \$750,000 for combined contributions to scholarship  
24 and educational improvement organizations under subsections  
25 (a) and (b).

26 (2) \$750,000 for contributions to opportunity  
27 scholarship organizations under subsections (a.1) and (b).

28 (3) \$200,000 for contributions to pre-kindergarten  
29 scholarship organizations under subsection (c).

30 \* \* \*

1 (i) Temporary increase in maximum tax credits available.--

2 \* \* \*

3 (4.1) If all tax credits authorized under this article  
4 for contributions to the category of scholarship  
5 organizations, opportunity scholarship organizations or pre-  
6 kindergarten scholarship organizations have not been awarded  
7 as of November 30 of any fiscal year, then for applications  
8 accepted by the department from December 1 through the end of  
9 the fiscal year, the limitations set forth in subsections  
10 (a), (a.1), (c) and (d) relating to the maximum amount of tax  
11 credits a business firm can receive during a fiscal year for  
12 contributions to each such category of organizations shall  
13 not apply. Under this paragraph, the department may accept  
14 applications under section 2004-B from December 1 through the  
15 end of the fiscal year and shall award tax credits under this  
16 article for contributions to the category of scholarship  
17 organizations, opportunity scholarship organizations or pre-  
18 kindergarten scholarship organizations on a first-come,  
19 first-served basis until all tax credits available for the  
20 fiscal year have been exhausted.

21 (5) Notwithstanding a temporary increase in maximum tax  
22 credits available under this subsection, the limitations set  
23 forth in subsections (a), (a.1), (c) and (d) relating to the  
24 maximum amount of tax credits a business firm can receive  
25 during a year for contributions to a category of scholarship  
26 organizations, opportunity scholarship organizations or pre-  
27 kindergarten scholarship organizations shall be reinstated  
28 for all applications accepted by the department [on or] after  
29 [December 1] June 30 of the fiscal year.

30 (j) Reallocation of tax credits.--

1 (1) Beginning on January 1 of any fiscal year, if any  
2 tax credits authorized under this article for contributions  
3 to any of the categories of scholarship organizations,  
4 opportunity scholarship organizations or pre-kindergarten  
5 scholarship organizations remain unawarded, such unawarded  
6 tax credits may be reallocated to any of the categories of  
7 scholarship organizations, opportunity scholarship  
8 organizations or pre-kindergarten scholarship organizations  
9 for which all available tax credits have been awarded. The  
10 department shall, within 10 business days, inform each  
11 business firm on the waiting list maintained by the  
12 department under subsection (h) that tax credits remain  
13 available under another category for which the business firm  
14 has not yet applied. If a business firm notified under this  
15 paragraph elects, the department shall reallocate available  
16 tax credits for award to the business firm in the business  
17 firm's preferred tax credit category, notwithstanding the  
18 limitations contained in section 2006-B(a). [The amount of  
19 tax credits to be awarded to a business firm under this  
20 paragraph shall not exceed the amount of tax credits  
21 available for reallocation or the maximum amount of tax  
22 credits for which a business firm is eligible under  
23 subsections (a), (a.1), (c) and (d).] Each business firm  
24 shall have 10 business days from the date of the department's  
25 notice to elect a reallocation of tax credits under this  
26 paragraph. The department shall award tax credits on a first-  
27 come, first-served basis.

28 (2) After the department has awarded tax credits under  
29 paragraph (1), the department shall accept new applications  
30 for reallocation of tax credits from any of the categories of

1 scholarship organizations, opportunity scholarship  
2 organizations or pre-kindergarten scholarship organizations  
3 for which tax credits remain available to the applicant's  
4 preferred category of scholarship organizations, opportunity  
5 scholarship organizations or pre-kindergarten scholarship  
6 organizations for which all available tax credits have been  
7 awarded, notwithstanding any limitations contained in section  
8 2006-B(a) [. The amount of tax credits to be awarded to a  
9 business firm under this paragraph shall not exceed the  
10 amount of tax credits available for reallocation or the  
11 maximum amount of tax credits for which a business firm is  
12 eligible under] or the limitations in subsections (a), (a.1),  
13 (c) and (d). The department shall award tax credits on a  
14 first-come, first-served basis.

15 \* \* \*

16 Section 4. Section 2006-B(a) of the act is amended and the  
17 section is amended by adding a subsection to read:

18 Section 2006-B. Limitations.

19 (a) Amount.--

20 (1) The total aggregate amount of all tax credits  
21 approved for contributions from business firms to scholarship  
22 organizations, educational improvement organizations and pre-  
23 kindergarten scholarship organizations shall not exceed  
24 \$185,000,000 plus an amount to meet the obligations of  
25 subsection (d.2) in a fiscal year.

26 (i) No less than \$135,000,000 of the total aggregate  
27 amount plus an amount to meet the obligations of  
28 subsection (d.2) shall be used to provide tax credits for  
29 contributions from business firms to scholarship  
30 organizations.

1 (ii) No less than \$37,500,000 of the total aggregate  
2 amount shall be used to provide tax credits for  
3 contributions from business firms to educational  
4 improvement organizations.

5 (iii) The total aggregate amount of all tax credits  
6 approved for contributions from business firms to pre-  
7 kindergarten scholarship organizations shall not exceed  
8 \$12,500,000 in a fiscal year.

9 (2) The total aggregate amount of all tax credits  
10 approved for contributions from business firms to opportunity  
11 scholarship organizations shall not exceed [~~\$55,000,000 in a~~  
12 ~~fiscal year and no less than \$5,000,000 of the total~~  
13 ~~aggregate amount shall be used to provide tax credits for~~  
14 ~~contributions from business firms to increase the scholarship~~  
15 ~~amount to students attending an economically disadvantaged~~  
16 ~~school by up to \$1,000 more than the amount provided during~~  
17 ~~the immediately preceding school year.] \$50,000,000.~~

18 \* \* \*

19 (d.2) Economically disadvantaged school.--For a student  
20 attending an economically disadvantaged school, to the extent  
21 that the total amount of scholarships, pre-kindergarten  
22 scholarships and opportunity scholarships will not exceed the  
23 lesser of \$8,500 or the school's tuition, the amount of the  
24 scholarship or pre-kindergarten scholarship granted under this  
25 article shall be increased by \$2,000 or, in the case of a  
26 scholarship for a student attending a secondary school, by  
27 \$4,000.

28 \* \* \*

29 Section 5. Section 2009-B(e) and (f)(1) and (5) of the act  
30 are amended to read:



1 Section 2009-B. Opportunity scholarships.

2 \* \* \*

3 (e) Amount.--

4 (1) [(i) Except as otherwise provided in subparagraph  
5 (ii), the] The maximum amount of an opportunity scholarship  
6 awarded to an applicant without a disability shall be \$8,500.

7 [(ii) For a student attending an economically  
8 disadvantaged school, the maximum amount of an  
9 opportunity scholarship awarded to an applicant without a  
10 disability shall be \$9,500.]

11 (2) [(i) Except as otherwise provided in subparagraph  
12 (ii), the] The maximum amount of an opportunity scholarship  
13 awarded to an applicant with a disability shall be \$15,000.

14 [(ii) For a student attending an economically  
15 disadvantaged school, the maximum amount of an  
16 opportunity scholarship awarded to an applicant with a  
17 disability shall be \$16,000.]

18 (3) In no case shall the combined amount of the  
19 opportunity scholarship awarded to a recipient and any  
20 additional financial assistance provided to the recipient  
21 exceed the tuition rate and school-related fees for the  
22 participating public school or participating nonpublic school  
23 that the recipient will attend.

24 (f) Designation, reports and notices.--For purposes of  
25 section 2006-B(d.2):

26 (1) Each school that desires to be designated as an  
27 economically disadvantaged school for a school year shall  
28 report the following information to the department by the  
29 January 1 preceding the applicable school year:

30 (i) The total number of students who attend the

1 school as of the date of the report and are the  
2 recipients of a scholarship under this article.

3 (ii) The total number of students attending the  
4 school as of the date of the report.

5 (iii) For start-up fiscal year 2019-2020, the  
6 information in the report required under this paragraph  
7 shall be based upon the 2019-2020 school year.

8 \* \* \*

9 (5) (i) Each school that has been designated by the  
10 department as an economically disadvantaged school for an  
11 applicable school year shall notify the department by no  
12 later than October 15 of the applicable school year of  
13 the following information for each recipient of a  
14 scholarship registered to attend the school for the  
15 applicable school year:

16 (A) The recipient's name and address.

17 (B) The grade of the recipient for the school  
18 year with respect to which the scholarship and  
19 tuition grant shall be received.

20 (C) The type and amount of [scholarship]  
21 scholarships under this article entitled to  
22 educational tax credits that were received by the  
23 recipient.

24 (D) The names and address of the recipient's  
25 parents or guardians.

26 (E) The amount of tuition charged.

27 (ii) The information submitted in this paragraph  
28 shall be provided to the [opportunity] scholarship  
29 organization for economically disadvantaged schools who  
30 shall distribute the money in accordance with section

1           2006-B(d.2).

2           (iii) Information submitted by a school designated  
3           by the department as an economically disadvantaged school  
4           shall remain confidential and shall not be subject to the  
5           act of February 14, 2008 (P.L.6, No.3), known as the  
6           Right-to-Know Law. The information can be used for  
7           administration of the program.

8           Section 6. This act shall take effect in 60 days.