

State of South Dakota

NINETY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 2019

276B0572

SENATE BILL NO. 96

Introduced by: Senators Schoenbeck and Stalzer and Representatives Hansen and Glanzer

1 FOR AN ACT ENTITLED, An Act to expand application of the tax credit for contributions to
2 a scholarship granting organization.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 13-65-1 be amended to read:

5 13-65-1. Terms, ~~as~~ used in this chapter, mean:

- 6 (1) "Division," the Division of Insurance in the Department of Labor and Regulation;
- 7 (2) "Educational scholarship," a grant to an eligible student to cover all or part of the
8 tuition and fees at a qualifying school. The average value of all scholarships awarded
9 by a scholarship granting organization may not exceed eighty-two and five-tenths
10 percent of the state's share of the per student equivalent, as defined in § 13-13-10.1;
- 11 (3) "Eligible student," any student who:
- 12 (a) Is a member of a household whose total annual income, the year before the
13 student enters the program, did not exceed one hundred fifty percent of the
14 income standard used to ~~qualify~~ determine eligibility for a free or reduced-
15 price lunch under the ~~national free or reduced-price lunch program~~ Richard B.



1 Russell National School Lunch Act, 42 U.S.C. 1751, et seq. If sufficient
2 funding is available, once a student meets the initial income eligibility
3 requirement, the student remains income eligible for three years or if the
4 student is entering high school, until the student graduates from high school,
5 regardless of household income. After the initial period of income eligibility,
6 a student remains eligible if the student is a member of a household whose
7 total annual income in the prior year did not exceed two hundred percent of
8 the income standard used to qualify determine eligibility for a free or reduced-
9 price lunch;

10 (b) Received an educational scholarship under this program the preceding
11 semester, attended a public school the preceding semester, is starting at a K-12
12 school in ~~South Dakota~~ this state for the first time, or is entering kindergarten,
13 first grade, or ninth grade; and

14 (c) Resides in ~~South Dakota~~ this state while receiving the educational scholarship;

15 (4) "Low-income eligible student," any student who is a member of a household whose
16 total annual income, the year before the student enters the program, did not exceed
17 one hundred percent of the income standard used to qualify determine eligibility for
18 a free or reduced-price lunch under the ~~national free or reduced-price lunch program~~
19 Richard B. Russell National School Lunch Act, 42 U.S.C. 1751, et seq;

20 (5) "Parent," any guardian, custodian, or other person with authority to act in place of a
21 parent for the child;

22 (6) "Program," the partners in education tax credit program established pursuant to this
23 chapter;

24 (7) "Qualifying school," any nonpublic school that operates within the boundaries of

1 ~~South Dakota~~ this state or any tribally controlled school on a federally recognized
2 Indian reservation that operates within the boundaries of ~~South Dakota~~ this state, is
3 accredited by the Department of Education, provides education to elementary or
4 secondary students, and has notified a scholarship granting organization of its
5 intention to participate in the program and comply with the program requirements.
6 This term excludes any school that receives a majority of its revenues from public
7 funds;

8 (8) "Scholarship granting organization," a nonprofit organization that complies with the
9 requirements of the program and provides educational scholarships to students.

10 Section 2. That § 13-65-2 be amended to read:

11 13-65-2. The partners in education tax credit program is hereby established. Through the
12 program, any company that is liable to pay the insurance company premium and annuity tax,
13 pursuant to § 10-44-2, may claim credit for contributions made to ~~the~~ a scholarship granting
14 organization. The tax credit may be claimed by ~~the~~ a company on the company's annual
15 premium tax return ~~in an~~ or it may be applied to reduce the next ensuing payment otherwise due
16 by the company under § 10-44-2. The amount equal to, up to of the tax credit may not exceed
17 eighty percent; of the total contributions made by the company to ~~the~~ a scholarship granting
18 organization in the previous taxable year.

19 ~~However, no~~ No tax credit may be claimed pursuant to this chapter for the portion of the tax
20 that is collected and set aside for workers' compensation coverage, as provided in subdivision
21 10-44-2(4), or for the tax that is levied on fire insurance premiums pursuant to § 10-44-9.