

2026 South Dakota Legislature

House Bill 1306**AMENDMENT 1306B
FOR THE INTRODUCED BILL**

1 **An Act to authorize the provision of charitable contributions to a scholarship**
2 **granting organization.**

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

4 **Section 1. That a NEW SECTION be added to a NEW CHAPTER in title 13:**

5 Terms used in this chapter mean:

6 (1) "Eligible student," a student who has not reached the age of nineteen prior to July
7 first of the current school year and:

8 (a) Is in any educational grade level from kindergarten through twelve;

9 (b) Is a resident of this state;

10 (c) Is a United States citizen or an alien who has permanent resident status;

11 and

12 (d) Is a member of a household whose annual income during the preceding
13 calendar year did not exceed three hundred percent of the area median
14 income, as determined by the U.S. Department of Housing and Urban
15 Development; ~~and~~

16 ~~(e) Is not enrolled full time in a school district in this state;~~

17 (2) "Microschool," a business entity that:

18 (a) Is registered with the secretary of state;

19 (b) Is located within this state;

20 (c) Provides educational services or academic opportunities to students who
21 receive alternative instruction in accordance with chapter 13-27; and

22 (d) Requires enrollment and the payment of tuition;

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

25 (4) "Scholarship," a grant to an eligible student to support the student's education;
26 and

1 (5) "Scholarship granting organization," an entity that is registered in accordance with
2 section 3 of this Act.

3 **Section 2. That a NEW SECTION be added to a NEW CHAPTER in title 13:**

4 Any person may provide a charitable contribution to a scholarship granting
5 organization that is registered with the Department of Education, in accordance with
6 section 3 of this Act.

7 **Section 3. That a NEW SECTION be added to a NEW CHAPTER in title 13:**

8 In order to become registered, a scholarship granting organization must:

- 9 (1) File with the Department of Education documentation indicating that the
10 organization is exempt from federal taxation under 26 U.S.C. § 501 (January 1,
11 2026); and
12 (2) Enter into a contract with the department to:
13 (a) Distribute scholarships to or on behalf of eligible students in accordance
14 with this chapter and rules adopted by the department;
15 (b) Retain no more than ten percent of the total annual contributions received
16 under this chapter for administrative expenses;
17 (c) Provide an annual statement to each contributor verifying the amount
18 contributed; and
19 (d) Provide to the department, no later than June first of each year, an audited
20 financial statement showing, for the preceding calendar year, the amount
21 of contributions received, the number and amount of scholarships awarded
22 to or on behalf of eligible students, and the purposes for which the
23 scholarship dollars were used.

24 **Section 4. That a NEW SECTION be added to a NEW CHAPTER in title 13:**

25 The parent of an eligible student may annually apply to the scholarship granting
26 organization for a scholarship.

27 A scholarship awarded to or on behalf of an eligible student must be forwarded to
28 the student's parent and used for:

- 29 (1) Tuition and fees required as a condition of enrollment ~~in a school district or at an~~
30 accredited nonpublic school or microschool located within this state;

1 (2) Virtual coursework approved by the Department of Education and offered by a
2 provider, ~~but not on behalf of a school district~~;

3 (3) The purchase of curricula and associated instructional materials or supplies, used
4 within a nonpublic school, within a microschool, or in the provision of alternative
5 instruction;

6 (4) The purchase of educationally related technological devices and associated
7 hardware and services, used within a nonpublic school, within a microschool, or in
8 the provision of alternative instruction;

9 (5) Transportation between the student's home and any ~~school district~~, nonpublic
10 school, microschool, or institution of higher education, in which the student is
11 enrolled; and

12 (6) The fee for any standardized college or university entrance examination approved
13 by the department.

14 A scholarship awarded to or on behalf of an eligible student may not exceed the
15 lesser of eighty-two and five-tenths percent of the state's share of the per student
16 equivalent, as defined in § 13-13-10.1, or the actual expenses noted in the application.

17 **Section 5. That a NEW SECTION be added to a NEW CHAPTER in title 13:**

18 As a condition of awarding the scholarship to an eligible student, the scholarship
19 granting organization shall request documentation from the student's parent to verify any
20 expenditures and may seek the recovery, in whole or in part, of any scholarship amount
21 awarded, upon determination that the award was not used in accordance with the
22 purposes set forth in section 4 of this Act.

23 **Section 6. That a NEW SECTION be added to a NEW CHAPTER in title 13:**

24 The Department of Education shall promulgate rules, in accordance with chapter
25 1-26, to:

26 (1) Establish the application and review process for the registration of a scholarship
27 granting organization;

28 (2) Establish the process by which the parent of an eligible student may annually apply
29 for a scholarship;

30 (3) Establish a process by which, and the time within which, a scholarship granting
31 organization must evaluate each application for a scholarship;

32 (4) Establish the time, manner, and method applicable to the distribution of
33 scholarship dollars;

- 1 (5) Establish a process for verifying that the scholarship dollars were used in
2 compliance with section 4 of this Act;
- 3 (6) Establish an appeal process under which a parent may request and receive a review
4 of a denied reimbursement; and
- 5 (7) Establish a process by which any amounts not annually utilized, in accordance with
6 section 4 of this Act, may be recovered in whole or in part.

AMENDED