



## Legislative Proposal

### *Equity and Opportunity in Education Tax Credit*

Create an education tax credit to encourage contributions to foundations and schools that will benefit low-income pre-K–12 students at public and private schools. This will create equity and opportunity for ALL students across Minnesota.

#### Who would benefit from this law?

- ❖ Minnesota's children living in poverty
- ❖ Public schools through educational programs
- ❖ Public and private schools that serve children living in poverty

#### How would it help?

- ❖ The Equity and Opportunity Education Tax Credit will provide contributions to organizations and foundations delivering programs to children living in poverty as well as funding for schools.
  - Supports students from low-income families in public schools who need the extra support, such as a tutor or financial help for educational programs, to advance their success in school.
  - Allows nonpublic school students who qualify for need-based scholarships to stay in the school they choose.

#### What is a tax credit?

- ❖ A tax credit is a direct subtraction from a tax payer's tax bill.
  - Sample: Presently, a state deduction is about 8%, or \$80 per \$1,000 donation. This tax credit would provide a 75% *subtraction* (90% with a two year commitment), or \$1,800 per \$2,000 gift. This will encourage donors to increase their gift.

#### Where has this been successful?

- ❖ Minnesota's Equity and Opportunity in Education Tax Credit legislation is modeled after tax credit laws in Arizona and Pennsylvania. In Arizona, this legislation has changed education funding significantly. Over \$98.1 million was contributed in 2007 by 287,000 businesses and individuals to schools and programs serving low-income students. Pennsylvania realized \$75 million in contributions in 2008 (\$8 million dedicated for pre-K scholarships).

#### The Coalition for Kids proposes these parameters for passing this legislation during the 2009 Session

- ❖ \$10 Million Cap
- ❖ 5 year sunset inclusion
- ❖ Studies and evaluations on success
- ❖ Upper limits on gifts that qualify: \$100,000 for corporations and \$10,000 for individuals
- ❖ Charities and givers register with the state