

107TH CONGRESS
1ST SESSION

S. 462

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for contributions to charitable organizations which provide scholarships for children to attend elementary and secondary schools.

IN THE SENATE OF THE UNITED STATES

MARCH 6, 2001

Mr. KYL introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for contributions to charitable organizations which provide scholarships for children to attend elementary and secondary schools.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Leave No Child Behind
5 Tax Credit Act of 2001”.

1 **SEC. 2. CREDIT FOR CONTRIBUTIONS TO CHARITABLE OR-**
 2 **GANIZATIONS WHICH PROVIDE SCHOLAR-**
 3 **SHIPS FOR STUDENTS ATTENDING ELEMEN-**
 4 **TARY AND SECONDARY SCHOOLS.**

5 (a) IN GENERAL.—Subpart B of part IV of sub-
 6 chapter A of chapter 1 of the Internal Revenue Code of
 7 1986 is amended by adding at the end the following new
 8 section:

9 **“SEC. 30B. CREDIT FOR CONTRIBUTIONS TO CHARITABLE**
 10 **ORGANIZATIONS WHICH PROVIDE SCHOLAR-**
 11 **SHIPS FOR STUDENTS ATTENDING ELEMEN-**
 12 **TARY AND SECONDARY SCHOOLS.**

13 “(a) ALLOWANCE OF CREDIT.—There shall be al-
 14 lowed as a credit against the tax imposed by this chapter
 15 for the taxable year an amount equal to the qualified char-
 16 itable contributions of the taxpayer for the taxable year.

17 “(b) MAXIMUM CREDIT.—The credit allowed by sub-
 18 section (a) for any taxable year shall not exceed \$250
 19 (\$500, in the case of a joint return).

20 “(c) QUALIFIED CHARITABLE CONTRIBUTION.—For
 21 purposes of this section—

22 “(1) IN GENERAL.—The term ‘qualified chari-
 23 table contribution’ means, with respect to any tax-
 24 able year, the amount allowable as a deduction
 25 under section 170 (determined without regard to

subsection (d)(1)) for cash contributions to a school tuition organization.

“(2) SCHOOL TUITION ORGANIZATION.—

“(A) IN GENERAL.—The term ‘school tuition organization’ means any organization described in section 170(c)(2) if the annual disbursements of the organization for elementary and secondary school scholarships are normally not less than 90 percent of the sum of such organization’s annual gross income and contributions and gifts.

“(B) ELEMENTARY AND SECONDARY SCHOOL SCHOLARSHIP.—The term ‘elementary and secondary school scholarship’ means any scholarship excludable from gross income under section 117 for expenses related to education at or below the 12th grade.

“(d) SPECIAL RULES.—

“(1) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under this chapter for any contribution for which credit is allowed under this section.

“(2) APPLICATION WITH OTHER CREDITS.—

The credit allowable under subsection (a) for any taxable year shall not exceed the excess (if any) of—

1 “(A) the regular tax for the taxable year,
 2 reduced by the sum of the credits allowable
 3 under subpart A and the preceding sections of
 4 this subpart, over

5 “(B) the tentative minimum tax for the
 6 taxable year.

7 “(3) CONTROLLED GROUPS.—All persons who
 8 are treated as one employer under subsection (a) or
 9 (b) of section 52 shall be treated as 1 taxpayer for
 10 purposes of this section.

11 “(e) ELECTION TO HAVE CREDIT NOT APPLY.—A
 12 taxpayer may elect to have this section not apply for any
 13 taxable year.”.

14 (b) CLERICAL AMENDMENT.—The table of sections
 15 for subpart B of part IV of subchapter A of chapter 1
 16 of such Code is amended by adding at the end the fol-
 17 lowing new item:

 “Sec. 30B. Credit for contributions to charitable organizations
 which provide scholarships for students attending
 elementary and secondary schools.”.

18 (c) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply to taxable years beginning after
 20 December 31, 2000.

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