

# Education Investment Tax Credit Legislation

A.1826-C – Assem.Cusick, et. al.

S.4099-A – Sens. Golden,Felder, et. al.

## ***What the Bills Do***

The proposed New York State legislation for an Education Investment Tax Credit will increase charitable donations from individuals and businesses for education by providing donors with a dollar-for-dollar credit against New York personal income, corporate franchise, bank and insurance taxes for donations to education-related entities (for a maximum of 75 percent of tax liability). This will increase donations by up to \$300 million by the second year of implementation. Specifically, this legislation would accomplish the following:

- Encourage charitable donations to individual public schools, school districts, and non-profit community-based organizations that operate pre-kindergarten programs, provide visual arts, music, tutoring, college and career readiness, or other instruction during or after-school (up to half the available credits);
- Encourage charitable donations to non-profit organizations that provide scholarships for students to attend a non-public school or a non-resident public school that best meets their needs (up to half the available credits); and
- Fund teacher-proposed projects and provide a \$100.00 tax credit for teachers and other instructional personnel for the purchase of classroom supplies and materials.

## ***Bill Status & Sponsorship***

In 2012, the State Senate passed education investment tax legislation by a bipartisan vote of 55-to-4. The Assembly bill (A.1826-C) is co-sponsored by 2/3 of the Assembly members, including a majority of Democrats.

## ***How the Bills Help***

**Public Schools & Community Organizations.** The bill is designed to help public schools by enhancing their ability to raise charitable funds, as 50 percent of the available tax credits accrue to their benefit. Accordingly, overall resources for public schools would *increase* as this bill provides an enhanced revenue stream over and above the amount of property taxes and state aid. Non-profit organizations that provide programming or support to public schools also would be eligible for tax-credited donations for such purposes. Examples include:

- District-wide or school specific programs can raise charitable funds to enhance education or backfill programs that fall victim to budget cuts, including library materials, tutoring, athletic equipment, visual or performing arts, musical instruments, technology, field trips, etc.
- Nonprofit organizations, including community-based groups, can more easily raise charitable support for their programs that benefit students in public schools, be they a specific academic, arts, athletic or cultural program, and before- or after-school activities.

**Teacher Resources.** Public school teachers would benefit in at least two direct ways: they receive a dollar-for-dollar tax credit of up to \$100 when they spend their own money on classroom and student needs, such as supplies; and they can receive *direct* funding for specific initiatives or programs they propose from organizations that can fund those projects from approved donations (e.g., [DonorsChoose.org](http://DonorsChoose.org)), which since 2010 has funded \$17.2 million worth of teacher projects statewide and \$14.5 million in New York City.

**Scholarships for Children.** The legislation would increase charitable donations and scholarship opportunities for children in poverty or from working- and middle-class households such that parents would have additional financial means to continue to send them to non-public schools that best meet their needs and which serve whole communities.