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HOUSE BILL 427

**50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011**

INTRODUCED BY

Antonio "Moe" Maestas

AN ACT

RELATING TO TAXATION; ENACTING THE EQUAL OPPORTUNITY  
SCHOLARSHIP ACT; PROVIDING FOR TUITION SCHOLARSHIP  
ORGANIZATIONS TO GRANT EDUCATIONAL SCHOLARSHIPS TO LOW-INCOME  
STUDENTS TO ATTEND CERTAIN PUBLIC AND NONPUBLIC SCHOOLS;  
CREATING INCOME TAX AND CORPORATE INCOME TAX CREDITS FOR  
CONTRIBUTIONS TO TUITION SCHOLARSHIP ORGANIZATIONS THAT PROVIDE  
EDUCATIONAL SCHOLARSHIPS FOR LOW-INCOME STUDENTS TO ATTEND  
PUBLIC OR PRIVATE SCHOOLS OF THE STUDENT'S PARENTS' CHOICE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** [NEW MATERIAL] SHORT TITLE.--Sections 1  
through 5 of this act may be cited as the "Equal Opportunity  
Scholarship Act".

**SECTION 2.** [NEW MATERIAL] DEFINITIONS.--As used in the  
Equal Opportunity Scholarship Act:

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1           A. "certification document" means the document  
2 issued by the department to an organization verifying that the  
3 organization is a tuition scholarship organization and  
4 contributions to that organization for equal opportunity  
5 scholarships may be claimed as an equal opportunity scholarship  
6 tax credit;

7           B. "contribution receipt" means a document  
8 developed by the taxation and revenue department pursuant to  
9 the Equal Opportunity Scholarship Act and provided to a tuition  
10 scholarship organization that in turn provides the document to  
11 an individual or corporate contributor that is a taxpayer that  
12 intends to claim an equal opportunity scholarship tax credit as  
13 a receipt for a contribution to the tuition scholarship  
14 organization;

15           C. "department" means the public education  
16 department;

17           D. "educational scholarship" means a tuition grant  
18 or other grant of funds to an eligible student to cover all or  
19 part of the costs of that student at a qualified school,  
20 including transportation costs;

21           E. "eligible student" means a student who:

22                   (1) is a member of a household for which the  
23 total annual income does not exceed an amount used to qualify  
24 for a reduced-price lunch through the federal school lunch  
25 programs established pursuant to 42 USCA Sections 1751 through

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1 1769, as amended; provided that once a student receives a  
2 scholarship pursuant to the Equal Opportunity Scholarship Act,  
3 the student shall remain eligible regardless of household  
4 income until the student graduates from high school or reaches  
5 twenty-one years of age;

6 (2) attended a New Mexico public school for  
7 the semester prior to first receiving an educational  
8 scholarship pursuant to the Equal Opportunity Scholarship Act  
9 or is starting school in New Mexico for the first time; and

10 (3) resides in New Mexico while receiving a  
11 scholarship from a tuition scholarship organization;

12 F. "equal opportunity scholarship tax credit" means  
13 the equal opportunity scholarship income tax credit provided in  
14 the Income Tax Act and the equal opportunity scholarship  
15 corporate income tax credit provided in the Corporate Income  
16 and Franchise Tax Act;

17 G. "parent" means a guardian, custodian or other  
18 person with authority to act on behalf of a child;

19 H. "qualified school" means a public or nonpublic  
20 elementary, middle or secondary school located in New Mexico to  
21 which a parent has chosen to send an eligible student;

22 I. "relative" means a person related by affinity or  
23 consanguinity to the third degree;

24 J. "tuition grant" means a grant of funds for the  
25 purpose of covering the costs of tuition for a qualified

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1 school; and

2 K. "tuition scholarship organization" means an  
3 organization that provides educational scholarships to students  
4 attending qualified schools of their parents' choice and that  
5 meets the criteria established in the Equal Opportunity  
6 Scholarship Act.

7 SECTION 3. [NEW MATERIAL] TUITION SCHOLARSHIP  
8 ORGANIZATION--CERTIFICATION.--

9 A. An organization may seek certification from the  
10 department as a tuition scholarship organization by submitting  
11 an application for certification to the department.

12 B. To be certified as a tuition scholarship  
13 organization by the department, the organization shall provide  
14 documentation as deemed appropriate by the department to verify  
15 that:

16 (1) the organization has been granted an  
17 exemption from federal income tax as an organization described  
18 in Section 501(c)(3) of the Internal Revenue Code of 1986;

19 (2) the organization has awarded or intends to  
20 award educational scholarships to eligible students who are  
21 attending or plan to attend qualified schools;

22 (3) the scholarships are funded from  
23 contributions that the organization has received in or prior to  
24 the current calendar year or anticipates receiving during the  
25 remainder of the calendar year and:

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1 (a) at least ninety percent of the  
2 contributions received during a calendar year for which the  
3 organization issues a contribution receipt to an individual or  
4 corporate taxpayer for purposes of obtaining an equal  
5 opportunity scholarship tax credit is awarded by the  
6 organization as educational scholarships and all revenue from  
7 interest or investments is expended solely on educational  
8 scholarships; and

9 (b) a scholarship award to an eligible  
10 student shall not exceed eighty percent of the three-year  
11 rolling average of the state equalization guarantee  
12 distribution for the eligible student as calculated for the  
13 associated program units;

14 (4) the organization distributes periodic  
15 scholarship payments as checks that are issued to an eligible  
16 student's parent, that are mailed to the qualified school in  
17 which the eligible student is enrolled and that require the  
18 endorsement of the parent prior to deposit of the check;

19 (5) educational scholarships awarded by the  
20 organization are portable during the school year and can be  
21 used at any qualified school that accepts the eligible student  
22 according to a parent's wishes; provided that the scholarship  
23 shall be prorated between schools based on the number of days  
24 attended at each school by the eligible student;

25 (6) criminal background checks on all of the

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1 organization's employees and board members have been conducted  
2 by the organization, with the understanding that individuals  
3 who might reasonably pose a risk to the sound fiscal management  
4 of the funds of the organization shall be excluded from  
5 employment or governance, and all pertinent findings on  
6 employees and board members have been provided to the  
7 department for review and approval;

8 (7) the organization has in place systems to  
9 provide for financial accountability, including independent  
10 annual audits that shall be submitted to the department in the  
11 form of a financial information report that complies with  
12 generally accepted accounting procedures as specified by the  
13 department and is certified to be free of material  
14 misstatements by the certified public accountant who performed  
15 the audit; and

16 (8) the organization is financially viable and  
17 receives or is likely to receive donations of fifty thousand  
18 dollars (\$50,000) or more during a school year by filing with  
19 the department prior to the start of the school year a surety  
20 bond payable to the state in an amount equal to the aggregate  
21 amount of contributions expected to be received during the  
22 school year.

23 SECTION 4. [NEW MATERIAL] TUITION SCHOLARSHIP  
24 ORGANIZATION--DUTIES.--

25 A. No later than thirty days prior to the start of  
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1 a new school year or the start of a new semester, a tuition  
2 scholarship organization shall provide to the department the  
3 names of eligible students who received scholarships and the  
4 students' previous school district or charter school  
5 affiliation. The tuition scholarship organization shall  
6 provide verification that the qualified students have been  
7 awarded a tuition scholarship and have enrolled in a private  
8 school for the new school year or the new semester.

9 B. A tuition scholarship organization shall ensure  
10 that a school participating in the tuition scholarship  
11 organization's scholarship program certifies that the school:

12 (1) is in compliance with all health and  
13 safety laws or rules that apply to schools;

14 (2) holds a valid occupancy permit as required  
15 by applicable laws;

16 (3) does not discriminate in admissions on the  
17 basis of race, color or national origin;

18 (4) provides academic accountability to  
19 parents of the students in the program by regularly reporting  
20 to the parent on the student's academic and developmental  
21 progress;

22 (5) ensures that every school employee with  
23 unsupervised access to students has undergone a background  
24 check as described in Subsection B of Section 22-10A-5 NMSA  
25 1978;

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1                   (6) has no paid staff or board members who are  
2 also staff or board members of the tuition scholarship  
3 organization or who are relatives of the staff or board members  
4 of the tuition scholarship organization;

5                   (7) gives enrollment preference to eligible  
6 students who were enrolled at the school in the prior year and  
7 to siblings of eligible students already admitted to or  
8 attending the school; and

9                   (8) is a qualified school and, if the school  
10 has more applications for educational scholarships from  
11 eligible students than positions available for students  
12 receiving scholarships, the school fills the available  
13 scholarship positions only by using a random selection process.

14                   C. By June 1 of each year beginning in 2012, a  
15 tuition scholarship organization shall report the following  
16 information to the department and the taxation and revenue  
17 department:

18                   (1) the name and address of the tuition  
19 scholarship organization;

20                   (2) the total number and dollar amount of  
21 contributions received for which contribution receipts were  
22 issued during the calendar year ending on December 31 of the  
23 prior year;

24                   (3) the total number and dollar amount of all  
25 educational scholarships awarded during the calendar year

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1 ending on December 31 of the prior year; and

2 (4) the total number and dollar amount of  
3 educational scholarships awarded to eligible students during  
4 the calendar year ending on December 31 of the prior year.

5 D. A tuition scholarship organization shall:

6 (1) provide to each individual and corporate  
7 contributor of funds dedicated for educational scholarships a  
8 contribution receipt that shall be completed according to  
9 taxation and revenue department requirements;

10 (2) maintain a list by the sequential number  
11 on the contribution receipt identifying to whom each copy is  
12 issued, the amount and date of the contribution and any other  
13 information deemed necessary by the taxation and revenue  
14 department to allow the contributor to receive an equal  
15 opportunity scholarship tax credit; and

16 (3) account for all copies of contribution  
17 receipts damaged, destroyed, lost or otherwise unusable.

18 SECTION 5. [NEW MATERIAL] DEPARTMENT--DUTIES.--

19 A. The department shall administer the Equal  
20 Opportunity Scholarship Act.

21 B. The department shall:

22 (1) provide the name of each certified tuition  
23 scholarship organization to the taxation and revenue department  
24 by no later than thirty days after issuing the certification  
25 document to the tuition scholarship organization;

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1 (2) upon notification by the tuition  
2 scholarship organization, calculate the associated program  
3 units for an eligible student receiving an educational  
4 scholarship that would have been generated under the funding  
5 formula using the current year unit value and determine the  
6 dollar amount of that student's program cost, if that student  
7 were to have enrolled in the student's previous school for the  
8 new school year or the new semester;

9 (3) if an eligible student receiving an  
10 educational scholarship withdraws prior to the start of a new  
11 school year, deduct that student's program cost from the  
12 student's previous school district or charter school state  
13 equalization guarantee distribution allocation prior to  
14 distribution;

15 (4) if an eligible student receiving an  
16 educational scholarship withdraws between semesters, make a  
17 prorated reduction in the school district's or charter school's  
18 distribution for the remainder of the school year and not  
19 distribute the funds attributed to the adjustments, which shall  
20 remain undistributed and shall revert to the general fund at  
21 the end of the fiscal year;

22 (5) engage an auditor to conduct a financial  
23 and program audit of a tuition scholarship organization, at the  
24 expense of the tuition scholarship organization, if there is  
25 evidence of fraud or failure to comply with the Equal

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1 Opportunity Scholarship Act;

2 (6) deny, suspend or revoke the certification  
3 of a tuition scholarship organization for purposes of the equal  
4 opportunity scholarship tax credit if the department determines  
5 that the organization has intentionally and substantially  
6 failed to comply with the requirements of the Equal Opportunity  
7 Scholarship Act; and

8 (7) notify the taxation and revenue department  
9 if the certification of an organization as a tuition  
10 scholarship organization is denied, suspended or revoked within  
11 ten days of the denial, suspension or revocation.

12 SECTION 6. A new section of the Income Tax Act is enacted  
13 to read:

14 "[NEW MATERIAL] EQUAL OPPORTUNITY SCHOLARSHIP INCOME TAX  
15 CREDIT.--

16 A. A taxpayer who files a New Mexico income tax  
17 return and is not a dependent of another taxpayer may claim,  
18 and the department may approve, a credit against the income tax  
19 liability of the taxpayer for a contribution made to a tuition  
20 scholarship organization. The credit may be approved in an  
21 amount equal to ninety percent of the total contributions made  
22 by the taxpayer to a tuition scholarship organization for which  
23 contribution receipts have been provided by that organization  
24 during the taxable year but shall not exceed fifty percent of  
25 the taxpayer's income tax liability for the taxable year. The

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1 credit provided in this section may be referred to as the  
2 "equal opportunity scholarship income tax credit".

3 B. The purpose of the equal opportunity scholarship  
4 income tax credit is to encourage individuals and businesses to  
5 contribute money to tuition scholarship organizations that  
6 provide scholarships for eligible students to attend public or  
7 nonpublic schools that are chosen by the students' parents.

8 C. To ensure that the department receives the  
9 information needed to allow an equal opportunity scholarship  
10 income tax credit, the department shall develop a contribution  
11 receipt that requests all of the information needed by the  
12 department to determine if a credit is due. The contribution  
13 receipts shall be sequentially numbered, and a charge, not to  
14 exceed fifty cents (\$.50) per numbered copy, may be charged by  
15 the department to the tuition scholarship organization.

16 D. Upon receiving notice from the public education  
17 department that an organization has been certified as a tuition  
18 scholarship organization, the department shall provide  
19 sequentially numbered copies of contribution receipts to the  
20 tuition scholarship organization to be distributed by the  
21 tuition scholarship organization to its contributors to  
22 indicate the recipient, date and value of a contribution to the  
23 tuition scholarship organization and other information required  
24 by the department.

25 E. The department shall require a taxpayer claiming

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1 the equal opportunity scholarship income tax credit to submit  
2 the numbered copy of the contribution receipt from the tuition  
3 scholarship organization to which the taxpayer contributed  
4 money with the taxpayer's application for the credit provided  
5 by this section.

6 F. The equal opportunity scholarship income tax  
7 credit shall not be allowed for a contribution that is included  
8 for the taxable year in the taxpayer's itemized deductions, as  
9 defined in Section 63 of the Internal Revenue Code.

10 G. A husband and wife who file separate returns for  
11 a taxable year in which they could have filed a joint return  
12 may each claim only one-half of the equal opportunity  
13 scholarship income tax credit that would have been allowed on a  
14 joint return.

15 H. A taxpayer who otherwise qualifies for and  
16 claims an equal opportunity scholarship income tax credit for a  
17 contribution made to a tuition scholarship organization by a  
18 partnership or other business association of which the taxpayer  
19 is a member may claim a credit only in proportion to the  
20 taxpayer's interest in the partnership or business association.  
21 The total credit claimed in the aggregate by all members of the  
22 partnership or business association in a taxable year with  
23 respect to a contribution made to a tuition scholarship  
24 organization, including equal opportunity scholarship corporate  
25 income tax credits claimed by a corporate member of the

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1 partnership or business association, shall not exceed the  
2 maximum credit that would have been allowable pursuant to this  
3 section if claimed by a single taxpayer.

4 I. Any amount of the equal opportunity scholarship  
5 income tax credit allowed by the department that exceeds fifty  
6 percent of the income tax liability of the taxpayer in the  
7 taxable year in which the credit is first claimed may be  
8 carried forward for three consecutive taxable years.

9 J. The department shall compile a report annually  
10 for the revenue stabilization and tax policy committee that  
11 sets forth the number of taxpayers approved to receive equal  
12 opportunity scholarship income tax credits, the aggregate  
13 amount of credits approved and the average and median amounts  
14 of credits approved. The department shall determine every  
15 three years beginning in 2013 whether the equal opportunity  
16 scholarship income tax credit is performing the purpose for  
17 which it was created.

18 K. A taxpayer that claims an equal opportunity  
19 scholarship income tax credit pursuant to the Income Tax Act  
20 shall not also claim an equal opportunity scholarship corporate  
21 income tax credit pursuant to the Corporate Income and  
22 Franchise Tax Act or any other similar tax credit for the same  
23 contribution to a tuition scholarship organization. The equal  
24 opportunity scholarship income tax credit shall be applied to  
25 the taxpayer's tax liability before application of any other

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1 tax credit claimed for the taxable year by the taxpayer.

2 L. Acceptance of the equal opportunity scholarship  
3 income tax credit is authorization to the department to  
4 disclose the amount of the tax credit claimed by the taxpayer  
5 as needed to report fully as required by this section to the  
6 revenue stabilization and tax policy committee of the  
7 legislature.

8 M. As used in this section:

9 (1) "contribution receipt" means the document  
10 developed by the department and issued pursuant to the Equal  
11 Opportunity Scholarship Act by a tuition scholarship  
12 organization to a contributor;

13 (2) "eligible student" means a student who:

14 (a) is a member of a household for which  
15 the total annual income does not exceed an amount used to  
16 qualify for a reduced-price lunch through the federal school  
17 lunch programs established pursuant to 42 USCA Sections 1751  
18 through 1769, as amended; provided that once a student receives  
19 a scholarship pursuant to the Equal Opportunity Scholarship  
20 Act, the student shall remain eligible regardless of household  
21 income until the student graduates from high school or reaches  
22 twenty-one years of age;

23 (b) attended a New Mexico public school  
24 for the semester prior to first receiving an educational  
25 scholarship pursuant to the Equal Opportunity Scholarship Act

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1 or is starting school in New Mexico for the first time; and

2 (c) resides in New Mexico while  
3 receiving a scholarship from a tuition scholarship  
4 organization;

5 (3) "parent" means a guardian, custodian or  
6 other person with authority to act on behalf of a child; and

7 (4) "tuition scholarship organization" means  
8 an organization that provides educational scholarships to  
9 students attending qualified schools of their parents' choice  
10 and that meets the requirements of the Equal Opportunity  
11 Scholarship Act."

12 SECTION 7. A new section of the Corporate Income and  
13 Franchise Tax Act is enacted to read:

14 "[NEW MATERIAL] EQUAL OPPORTUNITY SCHOLARSHIP CORPORATE  
15 INCOME TAX CREDIT.--

16 A. A taxpayer that files a New Mexico corporate  
17 income tax return may claim, and the department may approve, a  
18 credit against the corporate income tax liability of the  
19 taxpayer for a contribution made to a tuition scholarship  
20 organization. The credit may be approved in an amount equal to  
21 ninety percent of the total contributions made by the taxpayer  
22 to a tuition scholarship organization for which contribution  
23 receipts have been provided by that organization during the  
24 taxable year but shall not exceed fifty percent of the  
25 taxpayer's corporate income tax liability for the taxable year.

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1 The credit provided in this section may be referred to as the  
2 "equal opportunity scholarship corporate income tax credit".

3 B. The purpose of the equal opportunity scholarship  
4 corporate income tax credit is to encourage corporations to  
5 contribute money to tuition scholarship organizations that  
6 provide scholarships for eligible students to attend public or  
7 nonpublic schools that are chosen by the students' parents.

8 C. To ensure that the department receives the  
9 information needed to allow an equal opportunity scholarship  
10 corporate income tax credit, the department shall develop a  
11 contribution receipt that requests all of the information  
12 needed by the department to determine if a credit is due. The  
13 contribution receipts shall be sequentially numbered, and a  
14 charge, not to exceed fifty cents (\$.50) per numbered copy, may  
15 be charged by the department to the tuition scholarship  
16 organization.

17 D. Upon receiving notice from the public education  
18 department that an organization has been certified as a tuition  
19 scholarship organization, the department shall provide  
20 sequentially numbered copies of contribution receipts to a  
21 tuition scholarship organization to be distributed by the  
22 tuition scholarship organization to its contributors to  
23 indicate the recipient, date and value of a contribution to the  
24 tuition scholarship organization and other information required  
25 by the department.

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1           E. The department shall require a taxpayer claiming  
2 the equal opportunity scholarship corporate income tax credit  
3 to submit the numbered copy of the certification document from  
4 the tuition scholarship organization to which the taxpayer  
5 contributed money with the taxpayer's application for the  
6 credit provided by this section.

7           F. The equal opportunity scholarship corporate  
8 income tax credit shall not be allowed for a contribution that  
9 is included for the taxable year in the taxpayer's itemized  
10 deductions, as defined in Section 63 of the Internal Revenue  
11 Code.

12           G. Any amount of the equal opportunity scholarship  
13 corporate income tax credit allowed by the department that  
14 exceeds fifty percent of the corporate income tax liability of  
15 the taxpayer in the taxable year in which the credit is first  
16 claimed may be carried forward for three consecutive taxable  
17 years.

18           H. The department shall compile a report annually  
19 for the revenue stabilization and tax policy committee that  
20 sets forth the number of taxpayers approved to receive equal  
21 opportunity scholarship corporate income tax credits, the  
22 aggregate amount of credits approved and the average and median  
23 amounts of credits approved. The department shall determine  
24 every three years beginning in 2013 whether the equal  
25 opportunity scholarship corporate income tax credit is

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1 performing the purpose for which it was created.

2 I. A taxpayer that claims an equal opportunity  
3 scholarship corporate income tax credit pursuant to the  
4 Corporate Income and Franchise Tax Act shall not also claim an  
5 equal opportunity scholarship income tax credit pursuant to the  
6 Income Tax Act or any other similar tax credit for the same  
7 contribution to a tuition scholarship organization. The equal  
8 opportunity scholarship corporate income tax credit shall be  
9 applied to the taxpayer's tax liability before application of  
10 any other tax credit claimed for the taxable year by the  
11 taxpayer.

12 J. Acceptance of the equal opportunity scholarship  
13 corporate income tax credit is authorization to the department  
14 to disclose the amount of the tax credit claimed by the  
15 taxpayer as needed to report fully as required by this section  
16 to the revenue stabilization and tax policy committee of the  
17 legislature.

18 K. As used in this section:

19 (1) "contribution receipt" means the document  
20 issued pursuant to the Equal Opportunity Scholarship Act by a  
21 tuition scholarship organization to a contributor;

22 (2) "eligible student" means a student who:

23 (a) is a member of a household for which  
24 the total annual income does not exceed an amount used to  
25 qualify for a reduced-price lunch through the federal school

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1 lunch programs established pursuant to 42 USCA Sections 1751  
2 through 1769, as amended; provided that once a student receives  
3 a scholarship pursuant to the Equal Opportunity Scholarship  
4 Act, the student shall remain eligible regardless of household  
5 income until the student graduates from high school or reaches  
6 twenty-one years of age;

7 (b) attended a New Mexico public school  
8 for the semester prior to first receiving an educational  
9 scholarship pursuant to the Equal Opportunity Scholarship Act  
10 or is starting school in New Mexico for the first time; and

11 (c) resides in New Mexico while  
12 receiving a scholarship from a tuition scholarship  
13 organization;

14 (3) "parent" means a guardian, custodian or  
15 other person with authority to act on behalf of a child; and

16 (4) "tuition scholarship organization" means  
17 an organization that provides educational scholarships to  
18 students attending qualified schools of their parents' choice  
19 pursuant to the Equal Opportunity Scholarship Act."

20 SECTION 8. Section 22-8-12.1 NMSA 1978 (being Laws 1978,  
21 Chapter 128, Section 5, as amended) is amended to read:

22 "22-8-12.1. MEMBERSHIP PROJECTIONS AND BUDGET  
23 REQUESTS.--

24 A. Each local school board or governing body of a  
25 state-chartered charter school shall submit annually, on or

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1 before October 15, to the department:

2 (1) an estimate for the succeeding fiscal year  
3 of:

4 (a) the membership of qualified students  
5 to be enrolled in the basic program, adjusted for deductions  
6 due to student participation in the scholarship programs of the  
7 Equal Opportunity Scholarship Act;

8 (b) the full-time-equivalent membership  
9 of students to be enrolled in approved early childhood  
10 education programs; and

11 (c) the membership of students to be  
12 enrolled in approved special education programs, adjusted for  
13 deductions due to student participation in the scholarship  
14 programs of the Equal Opportunity Scholarship Act;

15 (2) all other information necessary to  
16 calculate program costs; and

17 (3) any other information related to the  
18 financial needs of the school district or state-chartered  
19 charter school as may be requested by the department.

20 B. All information requested pursuant to Subsection  
21 A of this section shall be submitted on forms prescribed and  
22 furnished by the department and shall comply with the  
23 department's rules and procedures.

24 C. The department shall:

25 (1) review the financial needs of each school

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1 district or state-chartered charter school for the succeeding  
2 fiscal year; and

3 (2) submit annually, on or before November 30,  
4 to the secretary of finance and administration the  
5 recommendations of the department for:

6 (a) amendments to the public school  
7 finance formula;

8 (b) appropriations for the succeeding  
9 fiscal year to the public school fund for inclusion in the  
10 executive budget document; and

11 (c) appropriations for the succeeding  
12 fiscal year for pupil transportation and instructional  
13 materials."

14 SECTION 9. APPLICABILITY.--The provisions of Sections 6  
15 and 7 of this act apply to taxable years beginning on or after  
16 January 1, 2012 but before January 1, 2016.

17 SECTION 10. EFFECTIVE DATE.--

18 A. The effective date of the provisions of Sections  
19 1 through 5 and 8 of this act is July 1, 2011.

20 B. The effective date of the provisions of Sections  
21 6 and 7 of this act is January 1, 2012.