S T A T E   O F   N E W   Y O R K

5146--A

2009-2010 Regular Sessions

I N   S E N A T E

April 27, 2009

Introduced by Sens. C. JOHNSON, ADDABBO, DIAZ, GOLDEN, PARKER, STACHOWSKI -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations -- recommitted to the Committee on Investigations and Government Operations in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the tax law, in relation to enacting the "education investment incentives act"

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Short title. This act shall be known and may be cited as the "education investment incentives act".

S 2. Legislative findings and intent. The legislature hereby finds and declares that:

a. One of the most vexing problems facing policy makers and educators is the funding of our educational system. When crafting annual school budgets, school officials must grapple with rising costs, fluctuating state and federal aid, and an often unstable local tax base. As a result of these ever-changing dynamics, valuable educational programs are often reduced, eliminated or never actually started;

b. The legislature further finds it necessary to encourage greater private sector support of educational opportunities for children. Private sector resources, from both individuals and businesses, would not only help stabilize the school budget process but would allow schools to maintain, expand or begin worthwhile programs;

c. In pursuance of the foregoing objectives an education investment tax credit is established by this act to involve the private sector, both individuals and corporations, by encouraging donations to public education entities, and to educational scholarship organizations benefitting students attending independent and religious schools;

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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d. The tax credit provided in this act is merely one of many credits available to New York taxpayers;

e. The intended beneficiaries of the tax credit provided in this act are the students who attend public schools, including charter schools, or who further their educations using tuition scholarships from educational scholarship organizations, or who participate in home-based educational programs; therefore the tax credit does not constitute public aid to non-public sectarian institutions; and

f. Permitting school personnel to claim a credit for the purchase of classroom instructional materials and supplies will insure a wider availability of such materials and supplies for all students.

S 3. Section 606 of the tax law is amended by adding five new subsections (u), (v), (w), (w-1) and (w-2) to read as follows:

(U) DEFINITIONS. AS USED IN SUBSECTIONS (V), (W), (W-1) AND (W-2) OF THIS SECTION, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

(1) "PUBLIC EDUCATION ENTITY" SHALL MEAN ANY PUBLIC SCHOOL DISTRICT OR ANY INDIVIDUAL PUBLIC SCHOOL, INCLUDING ANY CHARTER SCHOOL.

(2) "LOCAL EDUCATION FUND" SHALL MEAN A CHARITABLE ORGANIZATION IN THIS STATE THAT:

(A) IS EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501 (C)(3) OF THE INTERNAL REVENUE CODE; AND

(B) IS ESTABLISHED FOR THE EXPLICIT PURPOSE OF SUPPORTING PUBLIC EDUCATION WITHIN A SPECIFIC PUBLIC SCHOOL DISTRICT.

(3) "EDUCATIONAL SCHOLARSHIP ORGANIZATION" SHALL MEAN A CHARITABLE ORGANIZATION IN THIS STATE THAT:

(A) IS EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501 (C)(3) OF THE INTERNAL REVENUE CODE; AND

(B) ALLOCATES AT LEAST EIGHTY-SEVEN PERCENT OF ITS ANNUAL EXPENDITURES FOR EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS TO CHILDREN ALLOWING THEM TO ATTEND ANY ELIGIBLE RELIGIOUS OR INDEPENDENT SCHOOL AND/OR TO RECEIVE TUTORING AND MENTORING SERVICES IN AN ELIGIBLE RELIGIOUS OR INDEPENDENT SCHOOL, OR FOR OTHER EDUCATIONAL PURPOSES; AND

(C) MAKES EDUCATIONAL SCHOLARSHIPS, WHICH MAY INCLUDE SCHOLARSHIPS FOR TUTORING AND MENTORING SERVICES, OR TUITION GRANTS AVAILABLE TO CHILDREN FROM MORE THAN ONE PUBLIC OR ELIGIBLE RELIGIOUS OR INDEPENDENT SCHOOL; AND

(D) REPORTS ANNUALLY TO THE DEPARTMENT THE GROSS RECEIPTS AND GROSS AMOUNT EXPENDED FOR SCHOLARSHIPS AND TUITION GRANTS, MENTORING SERVICES, AND OTHER EDUCATIONAL PROPOSES.

(4) "ELIGIBLE RELIGIOUS OR INDEPENDENT SCHOOL" SHALL MEAN ANY RELIGIOUS OR INDEPENDENT PRIMARY OR SECONDARY SCHOOL THAT IS LOCATED IN THIS STATE, THAT SATISFIES THE REQUIREMENTS PRESCRIBED BY LAW FOR SUCH SCHOOLS IN THIS STATE, AND THAT HAS QUALIFIED FOR FEDERAL TAX EXEMPTION UNDER SECTION 501 (C)(3) OF THE INTERNAL REVENUE CODE.

(5) "AUTHORIZED CERTIFICATE OF RECEIPT" SHALL MEAN A CERTIFICATE DESIGNED BY THE COMMISSIONER FOR THE PURPOSE OF ACKNOWLEDGING RECEIPT OF A CHARITABLE CONTRIBUTION BY THE CHIEF EXECUTIVE OFFICER OF A PUBLIC EDUCATION ENTITY, OR OF A LOCAL EDUCATION FUND OR OF AN EDUCATIONAL SCHOLARSHIP ORGANIZATION.

(V) CONTRIBUTIONS TO PUBLIC EDUCATION CREDIT. FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND ELEVEN, A CREDIT IS ALLOWED AGAINST THE TAX IMPOSED BY THIS ARTICLE FOR VOLUNTARY CASH CONTRIBUTIONS MADE BY THE TAXPAYER DURING THE TAXABLE YEAR TO A PUBLIC EDUCATION ENTITY. ACCEPTANCE AND RECEIPT OF ALL SUCH CONTRIBUTIONS SHALL BE PERMITTED. A TAXPAYER WHO SUBMITS WITH HIS OR HER TAX RETURN AN AUTHORIZED CERTIF-

ICATE OF RECEIPT SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS HEREINAFTER PROVIDED, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

(1) THE AMOUNT OF THE CREDIT.

(A) THIS CREDIT SHALL BE VALUED AT SIXTY PERCENT OF SUCH CONTRIBUTIONS, NOT TO EXCEED SIX THOUSAND DOLLARS IN ANY TAXABLE YEAR.

(B) A SHAREHOLDER OF A NEW YORK S CORPORATION OR A PARTNER OF A PARTNERSHIP (OR OTHER ENTITY TREATED AS A PARTNERSHIP FOR INCOME TAX PURPOSES) SHALL BE TREATED AS THE TAXPAYER WITH RESPECT TO HIS OR HER PRO-RATA SHARE OF THE TAX CREDIT ALLOWABLE TO SUCH S CORPORATION OR PARTNERSHIP, DETERMINED FOR THE S CORPORATION'S OR PARTNERSHIP'S TAXABLE YEAR ENDING WITH OR WITHIN THE SHAREHOLDER'S OR PARTNER'S TAXABLE YEAR. THE MAXIMUM AMOUNT OF THE CREDIT FOR SUCH S CORPORATION OR PARTNERSHIP SHALL BE THE SAME AS THAT ALLOWABLE TO CORPORATIONS UNDER SUBDIVISIONS FORTY-TWO AND FORTY-THREE OF SECTION TWO HUNDRED TEN OF THIS CHAPTER.

(2) A HUSBAND AND WIFE WHO FILE SEPARATE RETURNS FOR A TAXABLE YEAR IN WHICH THEY COULD HAVE FILED A JOINT RETURN MAY EACH CLAIM ONLY ONE-HALF OF THE TAX CREDIT THAT WOULD HAVE BEEN ALLOWED FOR A JOINT RETURN.

(3) IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER THIS ARTICLE ON THE TAXPAYER'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS ARTICLE, THE TAXPAYER MAY CARRY THE AMOUNT OF THE CREDIT NOT USED TO OFFSET THE TAXES UNDER THIS ARTICLE FORWARD FOR NOT MORE THAN FIVE YEARS INCOME TAX LIABILITY.

(4) CONTRIBUTIONS IN EXCESS OF TEN THOUSAND DOLLARS IN ANY TAXABLE YEAR SHALL BE CONSIDERED ELIGIBLE DEDUCTIONS AS ALLOWED UNDER THIS ARTICLE FOR CHARITABLE CONTRIBUTIONS.

(5) SUCH CONTRIBUTIONS SHALL BE DEPOSITED IN A SEPARATE ACCOUNT.

(6) IF MADE TO A PUBLIC SCHOOL DISTRICT SUCH CONTRIBUTIONS SHALL BE SUPERVISED BY A PERSON SO DESIGNATED BY THE CHANCELLOR OR SUPERINTENDENT. IF MADE TO A PARTICULAR SCHOOL THEY SHALL BE SUPERVISED BY THE SCHOOL PRINCIPAL. REPORTS OF DEPOSITS AND DISBURSEMENTS SHALL BE MADE TO THE LOCAL BOARD OF EDUCATION ANNUALLY. CHARTER SCHOOLS SHALL MAKE SUCH REPORTS TO THE STATE EDUCATION DEPARTMENT.

(W) CONTRIBUTIONS TO LOCAL EDUCATION FUND CREDIT. IN LIEU OF CONTRIBUTIONS IN SUBSECTION (V) OF THIS SECTION, A CREDIT IS ALLOWED:

(1) FOR THE AMOUNT OF VOLUNTARY CASH CONTRIBUTIONS MADE BY THE TAXPAYER DURING THE TAXABLE YEAR TO A LOCAL EDUCATION FUND. A TAXPAYER WHO SUBMITS WITH HIS OR HER TAX RETURN AN AUTHORIZED CERTIFICATE OF RECEIPT SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS HEREINAFTER PROVIDED, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

(A) THIS CREDIT SHALL BE VALUED AT SIXTY PERCENT OF SUCH CONTRIBUTIONS, NOT TO EXCEED SIX THOUSAND DOLLARS IN ANY TAXABLE YEAR. A SHAREHOLDER OF A NEW YORK S CORPORATION OR A PARTNER OF A PARTNERSHIP (OR OTHER ENTITY TREATED AS A PARTNERSHIP FOR INCOME TAX PURPOSES) SHALL BE TREATED AS THE TAXPAYER WITH RESPECT TO HIS OR HER PRO-RATA SHARE OF THE TAX CREDIT ALLOWABLE TO SUCH S CORPORATION OR PARTNERSHIP, DETERMINED FOR THE S CORPORATION'S OR PARTNERSHIP'S TAXABLE YEAR ENDING WITH OR WITHIN THE SHAREHOLDER'S OR PARTNER'S TAXABLE YEAR. THE MAXIMUM AMOUNT OF THE CREDIT FOR SUCH S CORPORATION OR PARTNERSHIP SHALL BE THE SAME AS THAT ALLOWABLE TO CORPORATIONS UNDER SUBDIVISIONS FORTY-TWO AND FORTY-THREE OF SECTION TWO HUNDRED TEN OF THIS CHAPTER.

(B) A HUSBAND AND WIFE WHO FILE SEPARATE RETURNS FOR A TAXABLE YEAR IN WHICH THEY COULD HAVE FILED A JOINT RETURN MAY EACH CLAIM ONLY ONE-HALF OF THE TAX CREDIT THAT WOULD HAVE BEEN ALLOWED FOR A JOINT RETURN.

(C) IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER THIS ARTICLE ON THE TAXPAYER'S INCOME, OR IF THERE ARE TAXES DUE UNDER THIS ARTICLE, THE TAXPAYER MAY CARRY THE AMOUNT OF THE CREDIT NOT USED

TO OFFSET THE TAXES UNDER THIS ARTICLE FORWARD FOR NOT MORE THAN FIVE YEARS' INCOME TAX LIABILITY.

(D) CONTRIBUTIONS IN EXCESS OF TEN THOUSAND DOLLARS IN ANY TAXABLE YEAR SHALL BE CONSIDERED ELIGIBLE DEDUCTIONS AS ALLOWED UNDER THIS ARTICLE FOR CHARITABLE CONTRIBUTIONS.

(E) THIS TAX CREDIT MAY NOT BE CLAIMED FOR ANY CONTRIBUTION TO A LOCAL EDUCATION FUND FOR THE BENEFIT OF A DESIGNATED STUDENT.

(2) FOR THE AMOUNT OF VOLUNTARY CASH CONTRIBUTIONS MADE BY THE TAXPAYER DURING THE TAXABLE YEAR TO AN EDUCATIONAL SCHOLARSHIP ORGANIZATION. A TAXPAYER WHO SUBMITS WITH HIS OR HER TAX RETURN AN AUTHORIZED CERTIFICATE OF RECEIPT SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS HEREINAFTER PROVIDED, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

(A) THIS CREDIT SHALL BE VALUED AT SIXTY PERCENT OF SUCH CONTRIBUTIONS, NOT TO EXCEED SIX THOUSAND DOLLARS IN ANY TAXABLE YEAR. A SHAREHOLDER OF A NEW YORK S CORPORATION OR A PARTNER OF A PARTNERSHIP (OR OTHER ENTITY TREATED AS A PARTNERSHIP FOR INCOME TAX PURPOSES) SHALL BE TREATED AS THE TAXPAYER WITH RESPECT TO HIS OR HER PRO-RATA SHARE OF THE TAX CREDIT ALLOWABLE TO SUCH S CORPORATION OR PARTNERSHIP, DETERMINED FOR THE S CORPORATION'S OR PARTNERSHIP'S TAXABLE YEAR ENDING WITH OR WITHIN THE SHAREHOLDER'S OR PARTNER'S TAXABLE YEAR. THE MAXIMUM AMOUNT OF THE CREDIT FOR SUCH S CORPORATION OR PARTNERSHIP SHALL BE THE SAME AS THAT ALLOWABLE TO CORPORATIONS UNDER SUBDIVISIONS FORTY-TWO AND FORTY-THREE OF SECTION TWO HUNDRED TEN OF THIS CHAPTER.

(B) A HUSBAND AND WIFE WHO FILE SEPARATE RETURNS FOR A TAXABLE YEAR IN WHICH THEY COULD HAVE FILED A JOINT RETURN MAY EACH CLAIM ONLY ONE-HALF OF THE TAX CREDIT THAT WOULD HAVE BEEN ALLOWED FOR A JOINT RETURN.

(C) IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER THIS ARTICLE ON THE TAXPAYER'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS ARTICLE, THE TAXPAYER MAY CARRY THE AMOUNT OF THE CREDIT NOT USED TO OFFSET THE TAXES UNDER THIS ARTICLE FORWARD FOR NOT MORE THAN FIVE YEARS' INCOME TAX LIABILITY.

(D) CONTRIBUTIONS IN EXCESS OF TEN THOUSAND DOLLARS IN ANY TAXABLE YEAR SHALL BE CONSIDERED ELIGIBLE DEDUCTIONS AS ALLOWED UNDER THIS ARTICLE FOR CHARITABLE CONTRIBUTIONS.

(E) THIS TAX CREDIT MAY NOT BE CLAIMED FOR ANY CONTRIBUTION TO AN EDUCATIONAL SCHOLARSHIP ORGANIZATION FOR THE BENEFIT OF A DESIGNATED STUDENT.

(W-1) HOME-BASED INSTRUCTIONAL MATERIALS CREDIT. IN LIEU OF CONTRIBUTIONS IN SUBSECTIONS (V) AND (W) OF THIS SECTION, A CREDIT IS ALLOWED FOR THE PURCHASE OF INSTRUCTIONAL MATERIALS FOR NON-PUBLIC HOME-BASED EDUCATIONAL PROGRAMS. THIS CREDIT SHALL BE VALUED AT SIXTY PERCENT OF SUCH PURCHASES.

(1) THE AMOUNT OF SUCH CREDIT SHALL NOT EXCEED SEVENTY-FIVE DOLLARS IN ANY TAXABLE YEAR.

(2) A HUSBAND AND WIFE WHO FILE SEPARATE RETURNS FOR A TAXABLE YEAR IN WHICH THEY COULD HAVE FILED A JOINT RETURN MAY EACH CLAIM ONLY ONE-HALF OF THE TAX CREDIT THAT WOULD HAVE BEEN ALLOWED FOR A JOINT RETURN.

(3) IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER THIS ARTICLE ON THE TAXPAYER'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS ARTICLE, THE TAXPAYER MAY CARRY THE AMOUNT OF THE CREDIT NOT USED TO OFFSET THE TAXES UNDER THIS ARTICLE FORWARD FOR NOT MORE THAN FIVE YEARS' INCOME TAX LIABILITY.

(4) IF THE TAXPAYER SHALL BE RESPONSIBLE FOR NOTIFYING THE COMMISSIONER OF THE INTENTION TO CLAIM THE ALLOWABLE CREDIT, NO LATER THAN DECEMBER THIRTY-FIRST.

(W-2) CLASSROOM INSTRUCTIONAL MATERIALS AND SUPPLIES CREDIT. A CREDIT IS ALLOWED FOR THE PURCHASE OF CLASSROOM INSTRUCTIONAL MATERIALS AND SUPPLIES FOR PERSONNEL EMPLOYED IN ANY PUBLIC SCHOOL, INCLUDING ANY CHARTER SCHOOL, OR IN ANY ELIGIBLE RELIGIOUS OR INDEPENDENT SCHOOL.

(1) THIS CREDIT SHALL BE VALUED AT SIXTY PERCENT OF SUCH PURCHASES. THE AMOUNT OF SUCH CREDIT SHALL NOT EXCEED SEVENTY-FIVE DOLLARS IN ANY TAXABLE YEAR.

(2) THE TAXPAYER SHALL BE RESPONSIBLE FOR NOTIFYING THE COMMISSIONER OF THE INTENTION TO CLAIM THE ALLOWABLE CREDIT, NO LATER THAN DECEMBER THIRTY-FIRST, INDICATING WHETHER THE PURCHASE WAS MADE FOR USE IN A PUBLIC SCHOOL, INCLUDING A CHARTER SCHOOL, OR AN ELIGIBLE RELIGIOUS OR INDEPENDENT SCHOOL.

S 4. Section 210 of the tax law is amended by adding three new subdivisions 41, 42 and 43 to read as follows:

41. DEFINITIONS. AS USED IN SUBDIVISIONS FORTY-TWO AND FORTY-THREE OF THIS SECTION THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

(A) "PUBLIC EDUCATION ENTITY" SHALL MEAN ANY PUBLIC SCHOOL DISTRICT OR ANY INDIVIDUAL PUBLIC SCHOOL, INCLUDING ANY CHARTER SCHOOL.

(B) "LOCAL EDUCATION FUND" SHALL MEAN A CHARITABLE ORGANIZATION IN THIS STATE THAT:

(1) IS EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501(C) (3) OF THE INTERNAL REVENUE CODE; AND

(2) IS ESTABLISHED FOR THE EXPLICIT PURPOSE OF SUPPORTING PUBLIC EDUCATION WITHIN A SPECIFIC PUBLIC SCHOOL DISTRICT; AND

(3) REPORTS ANNUALLY TO THE DEPARTMENT THE GROSS RECEIPTS AND GROSS AMOUNT EXPENDED IN SUPPORT OF PUBLIC EDUCATION.

(C) "EDUCATIONAL SCHOLARSHIP ORGANIZATION" SHALL MEAN A CHARITABLE ORGANIZATION IN THIS STATE THAT:

(1) IS EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE; AND

(2) ALLOCATES AT LEAST EIGHTY-SEVEN PERCENT OF ITS ANNUAL EXPENDITURES FOR EDUCATIONS SCHOLARSHIPS OR TUITION GRANTS TO CHILDREN ALLOWING THEM TO ATTEND ANY ELIGIBLE RELIGIOUS OR INDEPENDENT SCHOOL AND/OR TO RECEIVE TUTORING AND MENTORING SERVICES IN AN ELIGIBLE RELIGIOUS OR INDEPENDENT SCHOOL, OR FOR OTHER EDUCATIONAL PURPOSES; AND

(3) MAKES EDUCATIONAL SCHOLARSHIPS, WHICH MAY INCLUDE SCHOLARSHIPS FOR TUTORING AND MENTORING SERVICES, OR TUITION GRANTS AVAILABLE TO CHILDREN FROM MORE THAN ONE PUBLIC OR ELIGIBLE RELIGIOUS OR INDEPENDENT SCHOOL; AND

(4) REPORTS ANNUALLY TO THE DEPARTMENT THE GROSS RECEIPTS AND GROSS AMOUNT EXPENDED FOR SCHOLARSHIPS AND TUITION GRANTS.

(D) "ELIGIBLE RELIGIOUS OR INDEPENDENT SCHOOL" SHALL MEAN ANY RELIGIOUS OR INDEPENDENT PRIMARY OR SECONDARY SCHOOL THAT IS LOCATED IN THIS STATE, THAT SATISFIES THE REQUIREMENTS PRESCRIBED BY LAW FOR SUCH SCHOOLS IN THIS STATE, AND THAT HAS QUALIFIED FOR FEDERAL TAX EXEMPTION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE.

(E) "AUTHORIZED CERTIFICATE OF RECEIPT" SHALL MEAN A CERTIFICATE DESIGNED BY THE COMMISSIONER FOR THE PURPOSE OF ACKNOWLEDGING RECEIPT OF A CHARITABLE CONTRIBUTION BY THE CHIEF EXECUTIVE OFFICER OF A PUBLIC EDUCATION ENTITY, OR OF A LOCAL EDUCATION FUND OR OF AN EDUCATIONAL SCHOLARSHIP ORGANIZATION.

42. CONTRIBUTIONS TO PUBLIC EDUCATION CREDIT. (A) FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND ELEVEN, A CREDIT IS ALLOWED AGAINST THE TAX IMPOSED BY THIS ARTICLE FOR VOLUNTARY CASH CONTRIBUTIONS MADE BY THE TAXPAYER DURING THE TAXABLE YEAR TO A PUBLIC EDUCATION ENTITY. ACCEPTANCE AND RECEIPT OF ALL SUCH CONTRIBUTIONS SHALL

BE PERMITTED. A TAXPAYER WHO SUBMITS WITH HIS OR HER TAX CREDIT, TO BE COMPUTED AS HEREINAFTER PROVIDED, AGAINST THE TAX IMPOSED BY THIS ARTICLE. THIS CREDIT SHALL BE VALUED AT SIXTY PERCENT OF SUCH CONTRIBUTIONS, NOT TO EXCEED FIFTEEN THOUSAND DOLLARS IN ANY TAXABLE YEAR.

(B) SUCH CONTRIBUTIONS SHALL BE DEPOSITED IN A SEPARATE ACCOUNT.

(C) IF MADE TO A PUBLIC SCHOOL DISTRICT SUCH CONTRIBUTIONS SHALL BE SUPERVISED BY A PERSON SO DESIGNATED BY THE CHANCELLOR OR SUPERINTENDENT. IF MADE TO A PARTICULAR SCHOOL THEY SHALL BE SUPERVISED BY THE SCHOOL PRINCIPAL. REPORTS OF DEPOSITS AND DISBURSEMENTS SHALL BE MADE TO THE LOCAL BOARD OF EDUCATION ANNUALLY. CHARTER SCHOOLS SHALL MAKE SUCH REPORTS TO THE STATE EDUCATION DEPARTMENT.

43. CONTRIBUTIONS TO LOCAL EDUCATION FUND CREDIT. IN LIEU OF CONTRIBUTIONS IN SUBDIVISION FORTY-TWO OF THIS SECTION, A CREDIT IS ALLOWED:

(A) FOR THE AMOUNT OF VOLUNTARY CASH CONTRIBUTIONS MADE BY THE TAXPAYER DURING THE TAXABLE YEAR TO A LOCAL EDUCATION FUND. A TAXPAYER WHO SUBMITS WITH HIS OR HER TAX RETURN AN AUTHORIZED CERTIFICATE OF RECEIPT SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS HEREINAFTER PROVIDED, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

(1) THE AMOUNT OF SUCH CREDIT SHALL BE VALUED AT SIXTY PERCENT OF SUCH CONTRIBUTIONS, NOT TO EXCEED FIFTEEN THOUSAND DOLLARS IN ANY TAXABLE YEAR.

(2) THIS TAX CREDIT MAY NOT BE CLAIMED FOR ANY CONTRIBUTION TO A LOCAL EDUCATION FUND FOR THE BENEFIT OF A DESIGNATED STUDENT.

(B) FOR THE AMOUNT OF VOLUNTARY CASH CONTRIBUTIONS MADE BY THE TAXPAYER DURING THE TAXABLE YEAR TO AN EDUCATIONAL SCHOLARSHIP ORGANIZATION. A TAXPAYER WHO SUBMITS WITH HIS OR HER TAX RETURN AN AUTHORIZED CERTIFICATE OF RECEIPT SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS HEREINAFTER PROVIDED, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

(1) THE AMOUNT OF SUCH CREDIT SHALL BE VALUED AT SIXTY PERCENT OF SUCH CONTRIBUTIONS, NOT TO EXCEED FIFTEEN THOUSAND DOLLARS IN ANY TAXABLE YEAR.

(2) THIS TAX CREDIT MAY NOT BE CLAIMED FOR ANY CONTRIBUTION TO AN EDUCATIONAL SCHOLARSHIP ORGANIZATION FOR THE BENEFIT OF A DESIGNATED STUDENT.

S 5. Section 171 of the tax law is amended by adding a new subdivision twenty-ninth to read as follows:

TWENTY-NINTH. FOR THE PURPOSE OF IMPLEMENTING THE PROVISIONS OF SUBSECTIONS (U), (V), (W), (W-1) AND (W-2) OF SECTION SIX HUNDRED SIX AND SUBDIVISIONS FORTY-ONE, FORTY-TWO AND FORTY-THREE OF SECTION TWO HUNDRED TEN OF THIS CHAPTER THE COMMISSIONER SHALL:

(1) REGISTER PUBLIC SCHOOL DISTRICTS, INDIVIDUAL PUBLIC SCHOOLS, INCLUDING CHARTER SCHOOLS, LOCAL EDUCATION FUNDS, AND EDUCATIONAL SCHOLARSHIP ORGANIZATIONS; AND

(2) UPON NOTIFICATION BY THE CHIEF EXECUTIVE OFFICER OF ANY EDUCATION ENTITY SO REGISTERED THAT A CONTRIBUTION HAS BEEN RECEIVED, SUCH NOTIFICATION BEING WITHIN ONE BUSINESS DAY OF SAID RECEIPT, RECORD THE AMOUNT AND DATE OF THE CONTRIBUTION, THE NAME AND ADDRESS OF THE CONTRIBUTOR; AND

(3) UPON NOTIFICATION THAT A CREDIT FOR THE PURCHASE OF INSTRUCTIONAL MATERIALS FOR NON-PUBLIC HOME-BASED EDUCATIONAL PROGRAMS, RECORD THE AMOUNT AND DATE OF THE NOTIFICATION, THE NAME AND ADDRESS OF THE CLAIMANT; AND

(4) UPON NOTIFICATION THAT A CREDIT FOR THE PURCHASE OF THE CLASSROOM INSTRUCTIONAL MATERIALS AND SUPPLIES, RECORD THE AMOUNT AND DATE OF THE NOTIFICATION, THE NAME AND ADDRESS OF THE CLAIMANT, AND WHETHER THE

PURCHASE WAS MADE FOR USE IN A PUBLIC SCHOOL, INCLUDING A CHARTER SCHOOL, OR AN ELIGIBLE RELIGIOUS OR INDEPENDENT SCHOOL; AND

(5) MAKE NO MORE THAN TWO HUNDRED MILLION DOLLARS IN CREDITS AVAILABLE IN ANY SINGLE TAX YEAR, PROVIDED FURTHER THAT FIFTY PERCENT OF SUCH CREDITS SHALL BE AFFORDED TO TAXPAYERS WHO MAKE DONATIONS TO PUBLIC EDUCATION ENTITIES AND LOCAL EDUCATION FUNDS, AND FOR THE PURCHASE OF CLASSROOM INSTRUCTIONAL MATERIALS AND SUPPLIES FOR USE IN A PUBLIC SCHOOL OR A CHARTER SCHOOL, AND THAT FIFTY PERCENT OF SUCH CREDITS SHALL BE AFFORDED TO EDUCATION SCHOLARSHIP ORGANIZATIONS OR FOR HOME-BASED INSTRUCTIONAL MATERIALS, AND FOR THE PURCHASE OF CLASSROOM INSTRUCTIONAL MATERIALS AND SUPPLIES FOR USE IN AN ELIGIBLE RELIGIOUS OR INDEPENDENT SCHOOL; AND

(6) ISSUE TO TAXPAYERS ALL AUTHORIZED CERTIFICATES OF RECEIPT FOR ALL ELIGIBLE CREDITS NO LATER THAN JANUARY THIRTY-FIRST FOR CREDITS CLAIMED FOR THE PREVIOUS CALENDAR YEAR.

S 6. The department of taxation and finance shall prepare a written report before January 31 of each calendar year, which shall contain statistical information regarding the credits allowed pursuant to subsections (u), (v), (w), (w-1) and (w-2) of section 606 and subdivisions 41, 42 and 43 of section 210 of the tax law as added by sections three and four of this act, for the previous calendar year. Copies of such report shall be submitted to the governor, the temporary president of the senate, the speaker of the assembly, the chair of the senate finance committee and the chair of the assembly ways and means committee. Such reports shall contain, but need not be limited to, the number of credits by type and the amount of such credits allowed to taxpayers.

S 7. This act shall take effect on the first of January next succeeding the date on which it shall have become a law.