

109TH CONGRESS
2^D SESSION

S. 3766

To amend the Internal Revenue Code of 1986 to provide a tax credit for donations to non-profit scholarship organizations and educational improvement organizations.

IN THE SENATE OF THE UNITED STATES

AUGUST 1, 2006

Mr. SANTORUM (for himself and Mr. MARTINEZ) 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 provide a tax credit for donations to non-profit scholarship organizations and educational improvement organizations.

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 “America’s Commu-
5 nities Leveraging Assets for Students and Schools (Amer-
6 ica’s CLASS) Act of 2006”.

7 **SEC. 2. EDUCATION IMPROVEMENT TAX CREDIT.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new
2 section:

3 **“SEC. 45N. EDUCATION IMPROVEMENT CREDIT.**

4 “(a) IN GENERAL.—For purposes of section 38, in
5 the case of an eligible taxpayer, the education improve-
6 ment credit determined under this section for any taxable
7 year is an amount equal to 50 percent of qualified con-
8 tributions made by the eligible taxpayer during the taxable
9 year.

10 “(b) LIMITATION.—The amount of the credit allowed
11 under subsection (a) with respect to any taxpayer for any
12 taxable year shall not exceed \$75,000.

13 “(c) ELIGIBLE TAXPAYER.—For purposes of this sec-
14 tion, the term ‘eligible taxpayer’ means a taxpayer which
15 is a corporation (other than an S corporation).

16 “(d) QUALIFIED CONTRIBUTION.—For purposes of
17 this section—

18 “(1) IN GENERAL.—The term ‘qualified con-
19 tribution’ means any contribution which is—

20 “(A) in cash,

21 “(B) not less than \$5,000, and

22 “(C) made to—

23 “(i) a non-profit scholarship organiza-
24 tion, or

1 “(ii) an educational improvement or-
2 ganization.

3 “(2) NON-PROFIT SCHOLARSHIP ORGANIZA-
4 TION.—The term ‘non-profit scholarship organiza-
5 tion’ means an organization—

6 “(A) which is described in section
7 501(c)(3) and exempt from tax under section
8 501(a), and

9 “(B) not less than 80 percent of the an-
10 nual gross receipts of which are used to provide
11 scholarships to individuals to attend the school
12 of the individual’s choice.

13 “(3) EDUCATION IMPROVEMENT ORGANIZA-
14 TION.—The term ‘education improvement organiza-
15 tion’ means an organization—

16 “(A) which is described in section
17 501(c)(3) and exempt from tax under section
18 501(a), and

19 “(B) not less than 80 percent of the an-
20 nual gross receipts of which are used to provide
21 funds for innovative programs in public schools.

22 “(e) SPECIAL RULES.—

23 “(1) DENIAL OF DOUBLE BENEFIT.—Any con-
24 tribution which is taken into account under sub-
25 section (a) shall not be taken into account under

1 section 170, and no deduction shall be allowed under
2 such section for such contribution.

3 “(2) AGGREGATION RULES.—For purposes of
4 this section, all persons treated as a single employer
5 under subsection (a) of section 52 shall be treated
6 as 1 person.”.

7 (b) CREDIT TREATED AS PART OF GENERAL BUSI-
8 NESS CREDIT.—Section 38(b) of the Internal Revenue
9 Code of 1986 is amended by striking “and” at the end
10 of paragraph (29), by striking the period at the end of
11 paragraph (30) and inserting “, plus”, and by adding at
12 the end the following new paragraph:

13 “(31) the education improvement credit deter-
14 mined under section 45N.”.

15 (c) CLERICAL AMENDMENT.—The table of section for
16 subpart D of part IV of subchapter A of chapter 1 of the
17 Internal Revenue Code of 1986 is amended by adding at
18 the end the following new item:

“Sec. 45N. Education improvement credit.”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to contributions made in taxable
21 years beginning after the date of the enactment of this
22 Act.

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