



Thomas Jefferson

LEGISLATIVE POLICY BRIEF

What is the Massie-Howell-Greason Education Tax Credit?

Delegates Jimmie Massie (R-Henrico), Algie Howell (D-Norfolk) and Tag Greason (R-Loudoun) have introduced legislation (HB 2314) creating a new tax credit program to improve education for at-risk children. Corporations will be able to contribute to scholarship organizations and receive a 70% state tax credit. In turn, those scholarship organizations must spend 90% or more on scholarships so that low-income students can choose a better school and make the same kind of choices many upper middle class parents already make.

Provisions of HB 2314

Corporations

- Receive a 70% state tax credit for contributions to charitable organizations providing k-12 scholarships to low-income students.
- Must seek pre-authorization from Department of Taxation on a first-come, first-served basis.

Scholarship Foundations

- Can use no more than 10% for administrative expenses.
- Must be a tax-exempt 501(c)(3) charitable organization under IRS guidelines.
- Must conduct a publicly-available annual audit.

Eligible Students must be

- Eligible for free and reduced meals subsidies (\$40,793 for family of four), AND
- Currently enrolled in public school, OR
- A prior recipient of a scholarship foundation scholarship, OR
- Eligible to enter kindergarten or first grade, OR
- Not a resident of Virginia during the preceding school year.

Scholarships

- May be up to 100% of tuition, or the SOQ funding for the school division in which the child lives, whichever is less.
- Total of tax credits that may be granted are capped at \$25 million.

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