

America's Communities Leveraging Assets for Students and Schools (America's CLASS) Act of 2006 (Introduced in Senate)

S 3766 IS

109th CONGRESS
2d 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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'America's Communities Leveraging Assets for Students and Schools (America's CLASS) Act of 2006'.

SEC. 2. EDUCATION IMPROVEMENT TAX CREDIT.

(a) In General- Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

'SEC. 45N. EDUCATION IMPROVEMENT CREDIT.

'(a) In General- For purposes of section 38, in the case of an eligible taxpayer, the education improvement credit determined under this section for any taxable year is an amount equal to 50 percent of qualified contributions made by the eligible taxpayer during the taxable year.

'(b) Limitation- The amount of the credit allowed under subsection (a) with respect to any taxpayer for any taxable year shall not exceed \$75,000.

`(c) Eligible Taxpayer- For purposes of this section, the term `eligible taxpayer' means a taxpayer which is a corporation (other than an S corporation).

`(d) Qualified Contribution- For purposes of this section--

`(1) IN GENERAL- The term `qualified contribution' means any contribution which is--

`(A) in cash,

`(B) not less than \$5,000, and

`(C) made to--

`(i) a non-profit scholarship organization, or

`(ii) an educational improvement organization.

`(2) NON-PROFIT SCHOLARSHIP ORGANIZATION- The term `non-profit scholarship organization' means an organization--

`(A) which is described in section 501(c)(3) and exempt from tax under section 501(a), and

`(B) not less than 80 percent of the annual gross receipts of which are used to provide scholarships to individuals to attend the school of the individual's choice.

`(3) EDUCATION IMPROVEMENT ORGANIZATION- The term `education improvement organization' means an organization--

`(A) which is described in section 501(c)(3) and exempt from tax under section 501(a), and

`(B) not less than 80 percent of the annual gross receipts of which are used to provide funds for innovative programs in public schools.

`(e) Special Rules-

`(1) DENIAL OF DOUBLE BENEFIT- Any contribution which is taken into account under subsection (a) shall not be taken into account under section 170, and no deduction shall be allowed under such section for such contribution.

`(2) AGGREGATION RULES- For purposes of this section, all persons treated as a single employer under subsection (a) of section 52 shall be treated as 1 person.'

(b) Credit Treated as Part of General Business Credit- Section 38(b) of the Internal Revenue Code of 1986 is amended by striking `and' at the end of paragraph (29), by striking the period at the end of paragraph (30) and inserting `, plus', and by adding at the end the following new paragraph:

`(31) the education improvement credit determined under section 45N.'

(c) Clerical Amendment- The table of section for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

`Sec. 45N. Education improvement credit.'

(d) Effective Date- The amendments made by this section shall apply to contributions made in taxable years beginning after the date of the enactment of this Act.