

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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SENATE DRS35291-MC-147 (03/15)

Short Title: Diversity Scholarship Tax Credit.

(Public)

Sponsors: Senator Clark (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO CREATE A TAX CREDIT FOR CORPORATIONS MAKING DONATIONS  
3 TO FUND DIVERSITY SCHOLARSHIPS.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Subchapter I of Chapter 105 of the General Statutes is amended by  
6 adding a new Article to read:

7 "Article 3L.

8 "Diversity Scholarship Tax Credit.

9 "**§ 105-129.100. Credit for donations to fund scholarships.**

10 (a) Credit. – A taxpayer that makes and substantiates, as required by G.S. 105-129.101,  
11 a monetary donation to the Fund for Diversity Scholarships established in G.S. 115C-238.101  
12 is allowed a tax credit equal to the amount of the donation.

13 (b) Taxes Credited. – The credit provided in this section is allowed against the income  
14 taxes levied in Part 1 of Article 4 of this Chapter or the insurance gross premium tax levied  
15 under Article 8B of this Chapter. The taxpayer shall elect the tax against which a credit will be  
16 claimed when filing the return on which the first installment of the credit is claimed. This  
17 election is binding. A credit allowed in this Article may not exceed the amount of tax against  
18 which it is claimed for the taxable period, reduced by the sum of all other credits allowed  
19 against that tax, except tax payments made by or on behalf of the taxpayer. This limitation  
20 applies to the cumulative amount of the credit, including carryforwards, claimed by the  
21 taxpayer under this Article against each tax for the taxable period. Any unused portion of a  
22 credit claimed against the income taxes levied in Part 1 of Article 4 of this Chapter or the  
23 insurance gross premium tax levied under Article 8B of this Chapter may be carried forward  
24 for the succeeding five years. Any carryforward of a credit shall be claimed against the same  
25 tax.

26 (c) No Double Benefit. – A taxpayer that claims a credit under this section for a  
27 monetary donation to a nonprofit scholarship-funding organization is not allowed to deduct this  
28 donation under any other provision of this Chapter.

29 "**§ 105-129.101. Substantiation.**

30 Every taxpayer claiming a credit under this section shall make available for inspection by  
31 the Secretary any records the Secretary considers necessary to determine and verify that the  
32 donation was made. The burden of proving eligibility for the credit and the amount of the credit  
33 shall rest upon the taxpayer, and no credit shall be allowed to a taxpayer that fails to maintain  
34 adequate records or to make them available for inspection."

35 SECTION 2. Article 16 of Chapter 115C of the General Statutes is amended by  
36 adding a new Part to read:



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"Part 11. Diversity Scholarships.

**"§ 115C-238.100. Definitions.**

The following definitions apply in this Part:

- (1) Department. – The Department of Public Instruction.
- (2) Diversity Scholarship. – Funds provided to local boards of education for the payment of tuition or transportation expenses of eligible students.
- (3) Eligible student. – A student who meets all of the following requirements:
  - a. Is enrolled in or entering the sixth through 12th grades.
  - b. Will attend a public school (i) where the student's ethnicity or race comprised less than twenty percent (20%) of the student body in that school in the preceding school year and (ii) that is located in a local school administrative unit in which the student does not reside.

**"§ 115C-238.101. Establishment of the Fund for Diversity Scholarships.**

(a) The Fund for Diversity Scholarships is established as a special revenue fund under the control and direction of the State Board of Education. Interest and other investment income earned by the Fund accrue to it, and revenue in the Fund does not revert. The Fund shall consist of monetary donations.

(b) The State Board of Education shall use the revenue in the Fund only to annually award diversity scholarships to pay for the public school tuition of eligible students in local school administrative units.

**"§ 115C-238.102. Award of diversity scholarships.**

(a) The State Board shall annually award diversity scholarships to pay for the public school tuition of eligible students in an amount not to exceed the amount set forth in G.S. 115C-366.1(b). The State Board shall provide the funds directly to the local school administrative unit where the eligible student will be enrolled. Awards shall be made no later than August 1. The State Board shall award diversity scholarships to eligible students in the order in which applications are received.

(b) The State Board shall report annually, beginning October 2014, on awards of supplemental academic scholarships, including the following information:

- (1) The total number, grade level, race, ethnicity, and sex of eligible students applying for and eligible students receiving diversity scholarships.
- (2) Amount of diversity scholarships awarded.
- (3) The local school administrative unit in which an eligible student receiving a diversity scholarship is enrolled."

**SECTION 3.** Section 1 of this act is effective for taxable years beginning on or after January 1, 2014, and applies to monetary donations made on or after that date. The remainder of this act becomes effective January 1, 2014.