

Sponsor says controversial scholarship tax credit bill is unlikely to pass this year

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Controversial legislation that would create a scholarship tax credit program for private schools in Kentucky is unlikely to survive in the 2019 General Assembly, its sponsor said Monday.

House Majority Floor Leader John “Bam” Carney, R-Campbellsville, said Monday that “anything is possible but at this time it’s unlikely for this session.”

“With it being a non-budget year I think to be safe it needs 60 votes” in the 100-member House, Carney said. He has said he doesn’t have that many votes for House Bill 205. (Lawmakers only meet for 30 days in odd-numbered years, when a three-fifths majority of lawmakers is required to approve any bill that makes an appropriation. They craft a budget during 60-day legislative sessions in even-numbered years, when only 51 votes are needed to pass a spending bill.)

State Sen. Julie Raque Adams, R-Louisville, said on Twitter Sunday that lawmakers also will not attempt to put the contents of HB 205 into an omnibus tax and spending bill that leading lawmakers are now negotiating. “HB 205 will NOT be inserted into the budget clean up bill we are currently working on...” Adams said.

Public school superintendents held statewide news conferences last week to oppose HB 205, and the legislation prompted teachers from Jefferson County and a couple other districts to hold sickouts last week that canceled classes.

Under HB 205, businesses and individuals could receive a tax credit for their donation to a scholarship-granting organization. The organizations would then provide scholarships to low- and middle-income students to attend a private school in Kentucky.

Backers of the proposal say it would help students with special needs attend the best school possible, while opponents say it will siphon much-needed tax money away from public schools. If approved, the bill is expected to reduce state revenue by about \$21 million in the first year it is fully implemented.

Brigitte Ramsey, executive director of the Prichard Committee for Academic Excellence, said she thinks legislators still have a lot of questions about the bill.

“We are opposed to scholarship tax credits based on the cost to the state at a time when we really need to deepen our investment in public education, and because there’s no research that shows that giving scholarships to kids into private schools results in higher academic achievement for students, in higher academic outcomes for our students,” Ramsey said.

Others have criticized the bill as a costly giveaway to the rich. For example, the bill would allow people to donate stocks that had gained value, without requiring them to pay any capital gains taxes.

The bill caps total tax deductions at \$25 million in in the first year, but it could grow to \$50 million in its fourth year.

“And high utilization is likely, since the credit is extremely generous and some ‘donors’ will be able to finish with more money than they had when they started,” said Anna Baumann, spokeswoman for the Kentucky Center for Economic Policy.

Some advocates also worry about little oversight of scholarship granting institutions and the schools they help fund. Like many states’ laws, Carney’s bill would allow 10 percent of all donations to be used for bureaucratic overhead.

Heather Huddleston, executive director of School Choice Scholarships, a granting institution in Louisville, did not immediately return calls seeking comment.

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