

1 HB576  
2 168265-1  
3 By Representative Williams (P)  
4 RFD: Ways and Means Education  
5 First Read: 30-APR-15

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8 SYNOPSIS: This bill would provide an annual tax credit  
9 of up to 50 percent of the tax liability of an  
10 individual or business who donates to a nonprofit  
11 organization that provides grants to a school to  
12 support digital learning through the use of  
13 technology to increase student academic  
14 performance, subject to certain annual maximum  
15 amounts.

16 This bill would require the Department of  
17 Revenue to establish a procedure to approve the  
18 formation of a nonprofit organization that provides  
19 digital learning grants for a school to improve  
20 learning with technology.

21 This bill would provide that the grants may  
22 be used to purchase technology devices, improve  
23 infrastructure, strengthen wireless connectivity,  
24 or improve instructional practices with technology.

25 This bill would provide that a grant funding  
26 request shall require a 50 percent match by the



1 technology; to provide that a grant funding request shall  
2 require a 50 percent match by the requesting organization in  
3 cash or other form of negotiable instrument; to provide that a  
4 nonprofit organization, to remain eligible, shall expend 98  
5 percent of its funds on sub-grants, and have a record of  
6 administering funds throughout the state; and to provide that  
7 the Department of Revenue may adopt rules regarding the  
8 implementation and administration of this act.

9 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

10 Section 1. The Legislature hereby declares that a  
11 digital learning tax credit would provide funding through  
12 eligible nonprofit organizations to school districts to help  
13 increase access to technology and improve technology  
14 infrastructure to support student learning initiatives,  
15 including online assessments.

16 Section 2. (a) For tax years beginning on and after  
17 January 1, 2016, an Alabama tax credit is made available to  
18 businesses that donate to eligible nonprofit organizations in  
19 this state.

20 (b) The Department of Revenue shall certify all  
21 eligible nonprofit organizations wishing to participate in the  
22 Digital Learning Tax Credit Program. Organizations that are  
23 qualified to participate shall:

24 (1) Be exempt from federal taxation under Section  
25 501(c) (3) of the Internal Revenue Code.

26 (2) Be established to support public education.

1           (3) Have the capacity to make educational grants  
2 available to school districts from more than one public or  
3 eligible nonpublic school.

4           (4) Have an established record of administering  
5 funds throughout the state.

6           (5) Have the capacity to submit timely reports to  
7 the Department of Revenue on the gross amount expended for  
8 digital learning grants.

9           (c) Qualifying nonprofit organizations that receive  
10 digital learning tax credit funds shall do all of the  
11 following:

12           (1) Expend at least 98 percent of its funds on  
13 grants.

14           (2) Allocate at least 50 percent of its funds to  
15 rural districts.

16           Section 3. The Department of Revenue shall  
17 promulgate reasonable rules to effectuate the intent and  
18 administration of this section.

19           Section 4. (a) There is created within the Education  
20 Trust Fund a separate account named the Digital Learning Tax  
21 Credit Account.

22           (b) The Commissioner of Revenue shall annually  
23 certify to the Comptroller the amount of income tax credits  
24 due to taxpayers under this act and the Comptroller shall  
25 transfer into the Digital Learning Tax Credit Account only the  
26 amount from sales tax revenues within the Education Trust Fund

1 that is sufficient for the Department of Revenue to use to  
2 cover the income tax credits for the applicable tax year.

3 (c) The Commissioner of Revenue shall annually  
4 distribute the funds in the Digital Learning Tax Credit  
5 Account to qualified nonprofit organizations.

6 (d) Eligible taxpayers may claim credits for  
7 donations to eligible nonprofit digital tax credit  
8 organizations approved by the Department of Revenue.

9 (e) (1) A taxpayer may carry forward unused credits  
10 for three tax years. The total amount of tax credits that may  
11 be granted in the first tax year of operation under this act  
12 shall not exceed fifty million dollars (\$50,000,000).

13 Following each year in which the total amount of credits  
14 claimed are equal to or more than 90 percent of the program  
15 cap, the maximum credit will increase by 25 percent.

16 (2) Businesses that donate to the organizations  
17 shall receive an income tax credit equal to 50 percent of  
18 their donation, up to 50 percent of their tax liability.

19 (3) The Department of Revenue shall:

20 a. Develop a procedure for authorizing taxpayers to  
21 claim credits on a first-come basis and notify taxpayers in a  
22 timely manner regarding the status of their claim. A taxpayer  
23 approved for claiming a credit shall be given priority in  
24 claiming a credit of at least the same amount in subsequent  
25 consecutive years.

1           b. Notify an eligible nonprofit digital tax credit  
2 funding organization of any of the taxpayers who are receiving  
3 tax credits.

4           c. Require quarterly reports by an eligible  
5 nonprofit digital tax credit funding organization regarding  
6 the number of school districts participating in the program,  
7 grant amount and uses, and additional information only to the  
8 minimum extent necessary for the Department of Revenue to  
9 ensure general compliance with the law.

10          d. Each school district that receives funds under  
11 this act shall be required to submit a report to the  
12 Department of Revenue annually on the usage of funds and  
13 return on investment as it relates to student academic  
14 achievement including utilization of technology in the  
15 classroom and the provision of educational services to  
16 students with disabilities.

17          e. The Department of Revenue shall aggregate all  
18 grantee reports and submit a report on the use of funds to the  
19 Governor, President of the Senate, and Speaker of the House of  
20 Representatives annually. The report shall be submitted no  
21 later than October 1 each year.

22          Section 5. This act shall become effective  
23 immediately following its passage and approval by the  
24 Governor, or its otherwise becoming law, and the credits  
25 provided by this act shall begin with the 2015 tax year.