

Opting In To the New FEDERAL SCHOLARSHIP TAX CREDIT

Congress recently passed the first federal scholarship tax credit, which will provide millions in educational resources for students across the U.S.

➔ HOW IT WORKS

Individual taxpayers can receive a dollar-for-dollar tax credit on their federal tax return for donations (up to \$1,700 per year) made to K-12 scholarship organizations. Scholarship-granting organizations (SGOs) must use the authorized donations to provide scholarships for tuition, tutoring, special needs, supplies/technology, and other education expenses for both public and private school students.

The Governor of each state, or designee provided by law, must opt in to this federal opportunity. States must notify the U.S. Treasury of their decision to opt in and then submit a list of SGOs by Jan. 1, 2027, and by each January 1 thereafter.

➔ WHAT HAPPENS NEXT?

Governors are currently weighing whether to opt their state in to this educational opportunity. If their state allows, they can do so unilaterally or by direction of the Legislature. If a state does not elect to opt in, SGOs in the state may not promise donors a tax credit to receive funds and grant scholarships to kids under this law. Individual taxpayers, however, can still receive a tax credit by giving to SGOs in states that have opted in.

The Treasury Department has created a tool for states to opt in and is formulating regulations for this federal educational opportunity. In states where governors have already indicated that they will opt in, scholarship organizations are preparing to utilize this opportunity. Similarly, parents are gearing up in expectation of the new options their children may have.

➔ OUR ASK

We ask Governor Walz and the Legislature to make an affirmative promise to opt into this educational opportunity. Governor Walz can opt in, or Minnesota can pass a bill opting our state into the program. Our local parents, schools, and scholarship organizations want to be ready to utilize this groundbreaking plan for the benefit of our kids!



➔ WHY MINNESOTA SHOULD OPT IN

- **Zero cost to Minnesota:** “Opting in” to the federal tax credit will not cost our state anything. States are not required to fund or administer anything. States’ only obligation is to decide to opt in and submit the SGO list by January 1 annually.
- **Keeps dollars in state:** Failure to opt in will cause local dollars to leave our state through donations made by individual taxpayers to SGOs in other states. This will cause our state’s kids to lose out on these dollars for their education. Keep these dollars here for our kids!
- **Benefits all children:** This will help both public and private school students. Local nonprofit SGOs and public-school foundations will benefit from the opt-in, potentially generating hundreds of millions of dollars to strengthen educational achievement.
- **Keeps families in Minnesota:** If our state does not opt in, parents may elect to leave for another state where scholarships provided by this opportunity are plentiful. Remember, there is no federal cap on the amount of money scholarship organizations can raise, so this will be a meaningful gain for opt-in states.

TAKE ACTION!

Join the Catholic Advocacy Network:
mncatholic.org/join

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MINNESOTA CATHOLIC CONFERENCE