

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1763 Session of  
2025

INTRODUCED BY GLEIM, GREINER, WALSH, BERNSTINE, JAMES, RAPP,  
HAMM, PICKETT, ANDERSON, M. MACKENZIE AND D'ORSIE,  
JULY 24, 2025

REFERRED TO COMMITTEE ON EDUCATION, JULY 24, 2025

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An  
2 act relating to the public school system, including certain  
3 provisions applicable as well to private and parochial  
4 schools; amending, revising, consolidating and changing the  
5 laws relating thereto," in educational tax credits, further  
6 providing for definitions and providing for compliance with  
7 Federal tax credit for contributions to scholarship  
8 organizations.

9 The General Assembly of the Commonwealth of Pennsylvania  
10 hereby enacts as follows:

11 Section 1. Section 2002-B of the act of March 10, 1949  
12 (P.L.30, No.14), known as the Public School Code of 1949, is  
13 amended by adding a definition to read:

14 Section 2002-B. Definitions.

15 The following words and phrases when used in this article  
16 shall have the meanings given to them in this section unless the  
17 context clearly indicates otherwise:

18 \* \* \*

19 "Secretary." The Secretary of Community and Economic  
20 Development of the Commonwealth.

1 \* \* \*

2 Section 2. The act is amended by adding a section to read:

3 Section 2014-B. Compliance with Federal tax credit for  
4 contributions to scholarship organizations.

5 (a) Designated agency.--In accordance with 26 U.S.C. §  
6 25F(g)(1)(B) (relating to qualified elementary and secondary  
7 education scholarships), the department is designated as the  
8 agency to make elections on behalf of the Commonwealth with  
9 respect to Federal tax benefits related to contributions of  
10 individuals to scholarship granting organizations.

11 (b) Notice.--By October 1, 2026, and each October 1  
12 thereafter, the secretary shall transmit a notice to the United  
13 States Secretary of the Treasury opting into the Federal tax  
14 credit for contributions of individuals to scholarship granting  
15 organizations as required under 26 U.S.C. § 25F. The notice  
16 shall include a list of the scholarship organizations located in  
17 this Commonwealth that meet the requirements for a scholarship  
18 granting organization under 26 U.S.C. § 25F(c)(5).

19 (c) Submission of information.--To assist the department in  
20 determining if a scholarship organization meets Federal  
21 requirements under 26 U.S.C. § 25F(c)(5), each scholarship  
22 organization shall submit the following information to the  
23 department, in a form and manner prescribed by the department,  
24 by June 1, 2026, and each June 1 thereafter:

25 (1) Proof that the scholarship organization:

26 (i) is exempt from Federal taxation under 26 U.S.C.  
27 § 501(c)(3) (relating to exemption from tax on  
28 corporations, certain trusts, etc.); and

29 (ii) maintains one or more separate accounts  
30 exclusively for qualified contributions in order to

1 prevent the comingling of qualified contributions with  
2 other amounts.

3 (2) Certification by the scholarship organization that  
4 the scholarship organization complies with all of the  
5 following:

6 (i) Provides scholarships to 10 or more students who  
7 do not all attend the same school.

8 (ii) Spends not less than 90% of the income of the  
9 scholarship organization on scholarships for eligible  
10 students.

11 (iii) Does not provide scholarships for any expenses  
12 other than qualified elementary or secondary education  
13 expenses as defined under 26 U.S.C. § 530(b)(3)(A)  
14 (relating to Coverdell education savings accounts).

15 (iv) Provides a scholarship to eligible students  
16 with a priority for:

17 (A) students awarded a scholarship the previous  
18 school year; and

19 (B) after application of clause (A), any  
20 eligible students who have a sibling who was awarded  
21 a scholarship from the scholarship organization.

22 (v) Does not earmark or set aside contributions for  
23 scholarships on behalf of any particular student.

24 (vi) Verifies the annual household income and family  
25 size of an eligible student who applies for a scholarship  
26 to ensure that the student meets the requirements of 26  
27 U.S.C. § 25F(c)(2)(A) and limits the awarding of a  
28 scholarship to an eligible student who is a member of a  
29 household for which the income does not exceed the amount  
30 established under 26 U.S.C. § 25F(c)(2)(A).

1           (vii) Does not award a scholarship to any  
2           disqualified person as determined under the rules of 26  
3           U.S.C. § 4946(a) (relating to definitions and special  
4           rules).

5           (d) Compliance status.--

6           (1) By September 1, 2026, and each September 1  
7           thereafter, the department shall notify each scholarship  
8           organization of its compliance status and whether the  
9           scholarship organization will be included on the official  
10           list submitted to the United States Secretary of the Treasury  
11           under subsection (b).

12           (2) After a scholarship organization is initially  
13           determined to be compliant under this section, the  
14           scholarship organization shall be deemed compliant and remain  
15           on the list submitted to the United States Secretary of the  
16           Treasury each year.

17           (3) The department may perform random audits to ensure  
18           that a scholarship organization remains compliant with this  
19           section.

20           (4) If the department determines that a scholarship  
21           organization is not compliant with this section, the  
22           department may remove the scholarship organization from the  
23           list submitted to the United States Secretary of the  
24           Treasury.

25           (e) Guidelines.--

26           (1) Within 60 days of the effective date of this  
27           subsection, for the implementation of this subsection, the  
28           department shall issue guidelines for the implementation of  
29           this section.

30           (2) The department may not add requirements to the

1 guidelines beyond what is required under 26 U.S.C. § 25F.

2 (3) The department shall transmit the guidelines to the  
3 Legislative Reference Bureau for publication as a statement  
4 of policy in the next available issue of the Pennsylvania  
5 Bulletin and shall post the guidelines on the department's  
6 publicly accessible Internet website.

7 Section 3. This act shall take effect immediately.