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Florida insurance companies will get tax credit for helping low-income students

Insurance companies in Florida can soon contribute to a unique scholarship program for low-income children and receive a dollar-for-dollar credit on their premium tax.

The Insurance Premium Tax Credit comes as the result of a new law signed by Gov. Charlie Crist on Monday (June 1) that adds the tax credit to the Florida Tax Credit Scholarship program. The program was created in 2001 by the Legislature and now serves 23,400 students who attend one of roughly 1,000 private schools or an out-of-district public school of the parents' choice. The students come from families that qualify for the federal free or reduced lunch program, and the average income for a household of four is about \$25,000. Two-thirds of the students are black or Hispanic, and three-fifths live in single-parent homes.

The program has been financed by contributions from corporations that receive a dollar-for-dollar tax credit on their corporate income taxes, but some insurance companies were unable to contribute because of the way the insurance premium tax is factored into their corporate income tax liability. House Bill 453 solved that problem by adding the insurance premium tax into the mix. Beginning July 1, they can contribute up to 75 percent of their insurance premium tax liability and receive a full dollar-for-dollar tax credit. The total cap on tax-credited contributions remains at \$118-million.

"We've had insurance companies tell us they would love to be a part of helping turn around the lives of these disadvantaged students, and this will let them take full advantage," said Doug Tuthill, president of Step Up For Students, the nonprofit organization that is authorized by the state to oversee the program. "We welcome them to this great opportunity."

The bill passed through both chambers of the State Legislature with broad bipartisan support that included all but two Republicans, nearly half the Democrats, a majority of the Legislative Black Caucus and all the Hispanic Caucus.

In the House, bill sponsor Will Weatherford, R-Tampa, spoke of the sacrifices made by families that choose the scholarship. "This program is recognized nationally as a model for what a corporate tax scholarship program should be," he said, "And we can't afford *not* to support a program such as this. It is allowing students from households that make \$25,000 a year, with families that are willing to come up with a thousand dollars extra out of their own pockets, to attend schools that give them opportunities they need to succeed in this world."

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SPREADING THE NEWS

Page 2

Aside from its impact on insurance companies, the new law also streamlines the application process for families that already qualify for state aid based on their income. If the household is receiving food stamps or Temporary Assistance for Needy Families, it does not have to go through a separate verification process for its income. One final feature of the bill is that it directs school districts, at the request of the private Scholarship Funding Organizations, to notify students on free and reduced lunch of the program's availability to them. For any special mailing, the SFO picks up the cost of postage.

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