

# Revenue Department to administer program without excluding religious schools

By HOLLY MICHELS holly.michels@lee.net Updated April 15, 2016

HELENA — The Department of Revenue will let scholarship organizations that receive money from donations made in exchange for a tax credit use the funds to help students pay to attend private religious schools.

A Kalispell judge issued a preliminary injunction two weeks ago to stop the Department of Revenue from enforcing its new rule excluding children who attend religious schools from receiving the scholarship. Judge David Ortley ordered the injunction to stay in place until "further order of this court."

"What we've determined is that we need to administer the law as though our department rule is not in effect," said department spokeswoman Mary Ann Dunwell.

Scholarship organizations must be registered with the IRS as a 501(c)(3) nonprofit to apply.

So far \$1,350 has been pledged to private schools. People were allowed to begin making pledges on Jan. 1 for their taxes they would file by April 2017.

Another part of the program meant to pay for public school projects has received \$3,000 in pledges, and of that \$1,650 has already been paid. For donations to public schools, people can pay online or send a check to the Office of Public Instruction.

The department has not yet decided if it will appeal the ruling. The judge gave 42 days from the ruling to respond.

The scholarship program was enacted in May 2015 and provides tax credits up to \$150 annually to individuals and donors who donate to private scholarship organizations. Those organizations then give out the money to families who want to send students to private schools.

The Department of Revenue said a provision in the state constitution prevents any "direct or indirect appropriations or payment" from government to religious institutions or religiously affiliated schools.