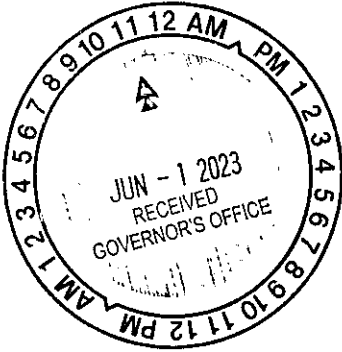




# ACT #2023 - 418

1 SBKD85-3  
2 By Senators Chesteen, Sessions, Melson, Williams, Reed,  
3 Scofield  
4 RFD: Finance and Taxation Education  
5 First Read: 27-Apr-23  
6 2023 Regular Session





## SB263 Enrolled

1 Enrolled, An Act,

2

3

4 Relating to the Alabama Accountability Act of 2013; to  
5 amend Sections 16-6D-3, 16-6D-4, 16-6D-6, 16-6D-8, and  
6 16-6D-9, Code of Alabama 1975; to change the terms failing  
7 school and nonfailing school to priority school and qualifying  
8 school, respectively; to revise and add definitions; to expand  
9 scholarships for eligible students attending nonfailing or  
10 qualifying schools; to revise the poverty threshold for  
11 determining the qualifications of an eligible student; to  
12 provide for the qualifying expenses of eligible students with  
13 unique needs; to revise the method of determining the amount  
14 of educational scholarship awards; to increase the maximum  
15 cumulative amount of tax credits that may be issued each year;  
16 to require a scholarship granting organization to maintain a  
17 reserve balance and to verify the qualifications of an  
18 eligible student with unique needs; and to authorize the  
19 Department of Revenue to bar qualifying schools or educational  
20 service providers from participating in the program under  
21 certain circumstances.

22 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

23 Section 1. Sections 16-6D-3, 16-6D-4, 16-6D-6, 16-6D-8,  
24 and 16-6D-9 of the Code of Alabama 1975, are amended to read  
25 as follows:

26 "§16-6D-3

27 (a) The Legislature finds and declares all of the  
28 following:

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29 (1) To further the goals of public education throughout  
30 the state, each school system should be able to have maximum  
31 possible flexibility to meet the needs of students and the  
32 communities within its jurisdiction.

33 (2) There is a critical need for innovative models of  
34 public education that are tailored to the unique circumstances  
35 and needs of the students in all schools and communities, and  
36 especially in schools and communities that are struggling to  
37 improve academic outcomes and close the achievement gap.

38 (3) To better serve students and better use available  
39 resources, local boards of education, local school systems,  
40 and parents need the ability to explore flexible alternatives  
41 in an effort to be more efficient and effective in providing  
42 operational and programmatic services.

43 (b) Therefore, it is the intent of the Legislature to  
44 do all of the following:

45 (1) Allow school systems greater flexibility in meeting  
46 the educational needs of a diverse student population.

47 (2) Improve educational performance through greater  
48 individual school autonomy and managerial flexibility with  
49 regard to programs and budgetary matters.

50 (3) Encourage innovation in education by providing  
51 local school systems and school administrators with greater  
52 control over decisions including, but not limited to,  
53 budgetary matters, staffing, personnel, scheduling, and  
54 educational programming, including curriculum and instruction.

55 (4) Provide financial assistance through an income tax  
56 credit to a parent who transfers a student from a ~~failing~~



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57 priority public school to a ~~nonfailing~~ qualifying public  
58 school or nonpublic school of the parent's choice."

59 "§16-6D-4

60 For the purposes of this chapter, the following terms  
61 shall have the following meanings:

62 (1) ACADEMIC YEAR. The 12-month period beginning on  
63 July 1 and ending on the following June 30.

64 (2) DEPARTMENT OF REVENUE. The Alabama Department of  
65 Revenue.

66 (3) EDUCATIONAL SCHOLARSHIP. A grant made by a  
67 scholarship granting organization to an eligible student to  
68 cover all or part of the tuition and mandatory fees for one  
69 academic year charged by a qualifying school to the eligible  
70 student receiving the scholarship; provided, however, that an  
71 educational scholarship shall not exceed ~~six thousand dollars~~  
72 ~~(\$6,000)~~ ten thousand dollars (\$10,000) per ~~for an elementary~~  
73 ~~school student, eight thousand dollars (\$8,000) for a middle~~  
74 ~~school student, or ten thousand dollars (\$10,000) for a high~~  
75 ~~school~~ student per academic year. The term does not include a  
76 lump sum, block grant, or similar payment by a scholarship  
77 granting organization to a qualifying school that assigns the  
78 responsibility in whole or in part for determining the  
79 eligibility of scholarship recipients to the qualifying school  
80 or any person or entity other than the scholarship granting  
81 organization.

82 (4) EDUCATIONAL SERVICE PROVIDER. A licensed and  
83 accredited program or service providing educational services  
84 for students with unique needs and approved by the State



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85 Department of Education.

86 ~~(4)~~(5) ELIGIBLE STUDENT.

87 a. A student who satisfies all of the following:

88 1. Is a member of a family whose total annual income  
89 the calendar year before he or she receives an educational  
90 scholarship under this program does not exceed ~~185~~ 250 percent  
91 of the federal poverty level, ~~the federally recognized~~  
92 ~~threshold for receiving free or reduced priced lunch, as~~  
93 ~~established from time to time by the U.S. Department of Health~~  
94 ~~and Human Services.~~

95 2. Was eligible to attend a public school in the  
96 preceding semester or is starting school in Alabama for the  
97 first time.

98 3. Resides in Alabama while receiving an educational  
99 scholarship.

100 b. A scholarship granting organization shall determine  
101 the eligibility of a student under subparagraph 1. of  
102 paragraph a. every other academic year in which a student  
103 receives an educational scholarship; provided that if the  
104 annual income of the family of a student who has received at  
105 least one educational scholarship exceeds ~~185~~ 250 percent of  
106 the federal poverty level, the existing student shall remain  
107 eligible to receive educational scholarships until and unless  
108 the annual income of the family of the student exceeds ~~275~~ 350  
109 percent of the federal poverty level; provided, further that  
110 no student who has received at least one educational  
111 scholarship shall be eligible to receive educational  
112 scholarships if the annual income of his or her family exceeds



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113 ~~275~~ 350 percent of the federal poverty level.

114 (14) PRIORITY ~~(5) FAILING-SCHOOL~~. A public K-12 school  
115 that is either of the following:

116 a. Is designated as a ~~failing~~ priority school by the  
117 State Superintendent of Education.

118 b. Does not exclusively serve a special population of  
119 students and ~~is listed in the lowest six percent of public~~  
120 ~~K-12 schools based on the state standardized assessment in~~  
121 ~~reading and math~~ has received a D or an F on the most recent  
122 state report card.

123 (6) ELIGIBLE STUDENT WITH UNIQUE NEEDS.

124 a. A student who satisfies all of the following:

125 1. Is the subject of a current Individual Education  
126 Plan, as defined in the Individuals with Disabilities Act, or  
127 504 accommodation that has been issued according to Section  
128 504 of the Rehabilitation Act of 1973. This includes, but is  
129 not limited to, a student who has an intellectual disability  
130 or is speech or language impaired, deaf or hard of hearing,  
131 visually impaired, dual sensory impaired, physically impaired,  
132 specific learning disabled, autistic, or hospitalized or home  
133 bound because of illness or disability.

134 2. Has attended a primary or secondary school in this  
135 state during the immediately preceding school year.

136 3. Is not currently enrolled in a public school or  
137 public school program.

138 4. Is eligible to participate in the program regardless  
139 of the academic performance of the resident school district.

140 5. Resides in Alabama while receiving an educational



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141 scholarship.

142 ~~(6)~~ (7) FAMILY. A group of two or more people related by  
143 birth, marriage, or adoption, including foster children, who  
144 reside together.

145 ~~(7)~~ (8) FLEXIBILITY CONTRACT. A school flexibility  
146 contract between the local school system and the State Board  
147 of Education wherein a local school system may apply for  
148 programmatic flexibility or budgetary flexibility, or both,  
149 from state laws, regulations, and policies, including  
150 regulations and policies ~~promulgated~~ adopted by the State  
151 Board of Education and the State Department of Education.

152 ~~(8)~~ (9) INNOVATION PLAN. The request of a local school  
153 system for flexibility and plan for annual accountability  
154 measures and five-year targets for all participating schools  
155 within the school system.

156 ~~(9)~~ (10) LOCAL BOARD OF EDUCATION. A city or county  
157 board of education that exercises management and control of a  
158 local school system pursuant to state law.

159 ~~(10)~~ (11) LOCAL SCHOOL SYSTEM. A public agency that  
160 establishes and supervises one or more public schools within  
161 its geographical limits pursuant to state law.

162 ~~(11)~~ (12) NONPUBLIC SCHOOL. Any nonpublic or private  
163 school, including parochial schools, not under the  
164 jurisdiction of the State Superintendent of Education and the  
165 State Board of Education, providing educational services to  
166 children. A nonpublic school provides education to elementary  
167 or secondary, or both, students and has notified the  
168 Department of Revenue of its intention to participate in the



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169 scholarship program and comply with the requirements of the  
170 scholarship program. A nonpublic school does not include home  
171 schooling.

172 ~~(12)~~ (13) PARENT. The parent or guardian of a student,  
173 with authority to act on behalf of the student. For purposes  
174 of Section 16-6D-8, the parent or guardian shall claim the  
175 student as a dependent on his or her Alabama state income tax  
176 return.

177 (15) PRIVATE TUTORING. Tutoring services provided by a  
178 tutor certified by the state or accredited by a regional or  
179 national accrediting organization.

180 (16) PROGRAM. The Alabama Accountability Act  
181 Scholarship Program.

182 (17) QUALIFYING EXPENSES TO EDUCATE AN ELIGIBLE STUDENT  
183 WITH UNIQUE NEEDS:

184 a. Tuition and fees at a qualifying school.

185 b. Textbooks required by a qualifying school.

186 c. Payment to a licensed or accredited tutor.

187 d. Payment for the purchase of curriculum or  
188 instructional material.

189 e. Tuition and fees for an approved nonpublic online  
190 learning program.

191 f. Educational services for an eligible student with  
192 unique needs from a licensed or accredited practitioner or  
193 provider.

194 g. Contracted services from a public school district,  
195 including individual classes.

196 ~~(13)~~ (18) QUALIFYING SCHOOL.





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197 a. Either a public school outside of the resident  
198 school district that is not considered ~~failing~~ within the  
199 ~~meaning of subdivision (5)~~ a priority school or any nonpublic  
200 ~~school as defined in subdivision (11)~~ and that satisfies the  
201 requirements of this subdivision. A qualifying nonpublic  
202 school shall be accredited by one of the six regional  
203 accrediting agencies or the National Council for Private  
204 School Accreditation, AdvancEd, the American Association of  
205 Christian Schools, or one of their partner accrediting  
206 agencies. A nonpublic school shall have three years from the  
207 later of the date the nonpublic school notified the Department  
208 of Revenue of its intent to participate in the scholarship  
209 program or June 10, 2015, to obtain the required accreditation  
210 and shall thereafter maintain accreditation as required by  
211 this subdivision. During the three-year period described in  
212 the immediately preceding sentence, a nonpublic school that is  
213 not accredited shall satisfy all of the following conditions  
214 until the nonpublic school obtains accreditation:

215 1. Has been in existence for at least three years.

216 2. Has daily attendance of at least 85 percent over a  
217 two-year period.

218 3. Has a minimum 180-day school year, or its hourly  
219 equivalent.

220 4. Has a day length of at least six and one-half hours.

221 5. Requires all students to take the Stanford  
222 Achievement Test, or its equivalent.

223 6. Requires all candidates for graduation to take the  
224 American College Test before graduation.

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225           7. Requires students in high school in grades nine  
226 through 12 to earn a minimum of 24 credits before graduating,  
227 including 16 credits in core subjects, and each awarded credit  
228 shall consist of a minimum of 140 instructional hours.

229           8. Does not subject ~~special education~~ eligible students  
230 with unique needs to the same testing or curricular  
231 requirements as regular education students if it is not  
232 required in the individual plan for the student.

233           9. Maintains a website that describes the school, the  
234 instructional program of the school, and the tuition and  
235 mandatory fees charged by the school, updated prior to the  
236 beginning of each semester.

237           10. Annually affirms on forms prescribed by the  
238 scholarship granting organization and the Department of  
239 Revenue its status financially and academically and provide  
240 other relative information as required by the scholarship  
241 granting organization or as otherwise required in this  
242 chapter.

243           b. A nonpublic school that is not accredited and that  
244 has not been in existence for at least three years shall  
245 nevertheless be considered a qualifying school if, in addition  
246 to satisfying the requirements in subparagraphs 2. to 10.,  
247 inclusive, of paragraph a., the nonpublic school operates  
248 under the governance of the board of directors or the  
249 equivalent thereof of an accredited nonpublic school. For  
250 purposes of the immediately preceding sentence, the term  
251 governance shall include, but not be limited to, curriculum  
252 oversight, personnel and facility management, and financial

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253 management. If, at the conclusion of the three-year period in  
254 which a nonpublic school is required to obtain accreditation,  
255 a nonpublic school is not accredited, the nonpublic school  
256 shall not be considered a qualifying school and shall not  
257 receive any funds from a scholarship granting organization  
258 until the nonpublic school obtains the accreditation required  
259 by this subdivision.

260 (19) RESIDENT SCHOOL DISTRICT. The public school  
261 district in which the student resides.

262 ~~(14)~~ (20) SCHOLARSHIP GRANTING ORGANIZATION. An  
263 organization that provides or is approved to provide  
264 educational scholarships to eligible students and eligible  
265 students with unique needs attending qualifying schools of  
266 their parents' choice."

267 "§16-6D-6

268 (a) The innovation plan of a local school system shall  
269 include, at a minimum, all of the following:

270 (1) The school year that the local school system  
271 expects the school flexibility contract to begin.

272 (2) The list of state laws, regulations, and policies,  
273 including rules, regulations, and policies ~~promulgated~~ adopted  
274 by the State Board of Education and the State Department of  
275 Education, that the local school system is seeking to waive in  
276 its school flexibility contract.

277 (3) A list of schools included in the innovation plan  
278 of the local school system.

279 (b) A local school system is accountable to the state  
280 for the performance of all schools in its system, including



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281 innovative schools, under state and federal accountability  
282 requirements.

283 (c) A local school system may not, pursuant to this  
284 chapter, waive requirements imposed by federal law,  
285 requirements related to the health and safety of students or  
286 employees, requirements imposed by ethics laws, requirements  
287 imposed by the Alabama Child Protection Act of 1999, Chapter  
288 22A of this title, requirements imposed by open records or  
289 open meetings laws, requirements related to financial or  
290 academic reporting or transparency, requirements designed to  
291 protect the civil rights of students or employees,  
292 requirements related to the state retirement system or state  
293 health insurance plan, or requirements imposed by Act  
294 2012-482. This chapter may not be construed to allow a local  
295 school system to compensate an employee at an annual amount  
296 that is less than the amount the employee would otherwise be  
297 afforded through the State Minimum Salary Schedule included in  
298 the annual Education Trust Fund Appropriations Act. No local  
299 school system shall involuntarily remove any rights or  
300 privileges acquired by any employee under the Students First  
301 Act of 2011, Chapter 24C of this title. Except as provided for  
302 a ~~failing~~ priority school pursuant to subsection (e), no plan  
303 or program submitted by a local board of education may be used  
304 to deny any right or privilege granted to a new employee  
305 pursuant to the Students First Act of 2011.

306 (d) Any provision of subsection (c) to the contrary  
307 notwithstanding, upon recommendation by the local  
308 superintendent and approval of the local board of education, a



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309 priority school shall have the same flexibility provided to a  
310 public conversion charter school so long as the priority  
311 school shows growth in student assessments. If student growth  
312 does not occur within five years, flexibility shall be  
313 revoked.

314 ~~(d)~~ (e) No provision of this chapter shall be construed  
315 or shall be used to authorize the formation of a charter  
316 school.

317 ~~(e)~~ (f) Any provision of subsection (c) to the contrary  
318 notwithstanding, nothing in this chapter shall be construed to  
319 prohibit the approval of a flexibility contract that gives  
320 potential, current, or future employees of a ~~failing~~ priority  
321 school within the local school system the option to  
322 voluntarily waive any rights or privileges already acquired or  
323 that could potentially be acquired as a result of attaining  
324 tenure or nonprobationary status, provided, however, that any  
325 employee provided this option is also provided the option of  
326 retaining or potentially obtaining any rights or privileges  
327 provided under the Students First Act, Chapter 24C of this  
328 title.

329 ~~(f)~~ (g) The State Department of Education shall finalize  
330 all school data and the local school system shall seek  
331 approval of the local board of education before final  
332 submission to the State Department of Education and the State  
333 Board of Education.

334 ~~(g)~~ (h) The final innovation plan, as recommended by the  
335 local superintendent of education and approved by the local  
336 board of education, shall accompany the formal submission of



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337 the local school system to the State Department of Education.

338 ~~(h)~~(i) Within 60 days of receiving the final  
339 submission, the State Superintendent of Education shall decide  
340 whether or not the school flexibility contract and the  
341 innovation plan should be approved. If the State  
342 Superintendent of Education denies a school flexibility  
343 contract and innovation plan, he or she shall provide a  
344 written explanation for his or her decision to the local board  
345 of education. Likewise, a written letter of approval by the  
346 State Superintendent of Education shall be provided to the  
347 local board of education that submitted the final school  
348 flexibility contract and innovation plan.

349 ~~(i)~~(j) The State Board of Education shall promulgate  
350 any necessary rules and regulations required to implement this  
351 chapter including, but not limited to, all of the following:

352 (1) The specification of timelines for submission and  
353 approval of the innovation plan and school flexibility  
354 contract of a local school system.

355 (2) An authorization for the State Department of  
356 Education, upon approval by the State Board of Education after  
357 periodic review, to revoke a school flexibility contract for  
358 noncompliance or nonperformance, or both, by a local school  
359 system.

360 (3) An outline of procedures and necessary steps that a  
361 local school system shall follow, upon denial of an original  
362 submission, to amend and resubmit an innovation plan and  
363 school flexibility contract for approval."

364 "§16-6D-3



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365 (a) To provide educational flexibility and state  
366 accountability for students in ~~failing~~ priority schools:

367 (1) For tax years beginning on and after January 1,  
368 2013, an Alabama income tax credit is made available to the  
369 parent of a student enrolled in or assigned to attend a  
370 ~~failing~~ priority school to help offset the cost of  
371 transferring the student to a ~~nonfailing~~ qualifying public  
372 school or nonpublic school of the parent's choice. The income  
373 tax credit shall be an amount equal to 80 percent of the  
374 average annual state cost of attendance for a public K-12  
375 student during the applicable tax year or the actual cost of  
376 attending a ~~nonfailing~~ qualifying public school or nonpublic  
377 school, whichever is less. The actual cost of attending a  
378 ~~nonfailing~~ qualifying public school or nonpublic school shall  
379 be calculated by adding together any tuition amounts or  
380 mandatory fees charged by the school to the student as a  
381 condition of enrolling or of maintaining enrollment in the  
382 school. The average annual state cost of attendance for a  
383 public K-12 student shall be calculated by dividing the state  
384 funds appropriated to the Foundation Program pursuant to  
385 Section 16-13-231(b)(2) by the total statewide number of  
386 pupils in average daily membership during the first 20  
387 scholastic days following Labor Day of the preceding school  
388 year. For each student who was enrolled in and attended a  
389 ~~failing~~ priority school the previous semester whose parent  
390 receives an income tax credit under this section, an amount  
391 equal to 20 percent of the average annual state cost of  
392 attendance for a public K-12 student during the applicable tax



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393 year shall be allocated, for as long as the parent receives  
394 the tax credit, to the ~~failing~~ priority school from which the  
395 student transferred if the student transfers to and remains  
396 enrolled in a nonpublic school. No such allocation shall be  
397 made in the event the student transfers to or enrolls in a  
398 ~~nonfailing~~ qualifying public school. The Department of  
399 Education shall determine the best method of ensuring that the  
400 foregoing allocation provisions are properly implemented. A  
401 parent is allowed a credit against income tax for each taxable  
402 year under the terms established in this section. If income  
403 taxes owed by such a parent are less than the total credit  
404 allowed under this subsection, the taxpayer shall be entitled  
405 to a refund or rebate, as the case may be, equal to the  
406 balance of the unused credit with respect to that taxable  
407 year.

408 (2) Any income tax credit due a parent under this  
409 section shall be granted or issued to the parent only upon his  
410 or her making application therefor, at such time and in such  
411 manner as may be prescribed from time to time by the  
412 Department of Revenue. The application process shall include,  
413 but not be limited to, certification by the parent that the  
414 student was enrolled in or was assigned to attend a ~~failing~~  
415 priority school, certification by the parent that the student  
416 was subsequently transferred to, and was enrolled and  
417 attended, a ~~nonfailing~~ qualifying public school or nonpublic  
418 school of the parent's choice, and proof, satisfactory to the  
419 Department of Revenue, of the actual cost of attendance for  
420 the student at the ~~nonfailing~~ qualifying public school or





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421 nonpublic school. For purposes of the tax credit authorized by  
422 this section, costs of attendance does not include any such  
423 costs incurred for an academic year prior to the 2013-2014  
424 academic year. The Department of Revenue shall also prescribe  
425 the various methods by which income tax credits are to be  
426 issued to taxpayers. Income tax credits authorized by this  
427 section shall be paid out of sales tax collections made to the  
428 Education Trust Fund, and set aside by the Comptroller in the  
429 ~~Failing~~ Priority Schools Income Tax Credit Account created in  
430 subsection (c), in the same manner as refunds of income tax  
431 otherwise provided by law, and there is hereby appropriated  
432 therefrom, for such purpose, so much as may be necessary to  
433 annually pay the income tax credits provided by this section.

434 (3) An application for an income tax credit authorized  
435 by this section shall be filed with the Department of Revenue  
436 within the time prescribed for filing petitions for refund  
437 under Section 40-2A-7.

438 (4) The Department of Revenue shall promulgate  
439 reasonable rules to effectuate the intent of this subsection.

440 (b)(1) The parent of a public school student may  
441 request and receive an income tax credit pursuant to this  
442 section to reimburse the parent for costs associated with  
443 transferring the student from a ~~failing~~ priority school to a  
444 ~~nonfailing~~ qualifying public school or nonpublic school of the  
445 parent's choice, in any of the following circumstances:

446 a. By assigned school attendance area, if the student  
447 spent the prior school year in attendance at a ~~failing~~  
448 priority school and the attendance of the student occurred



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449 during a school year in which the designation was in effect.

450 b. The student was in attendance elsewhere in the  
451 Alabama public school system and was assigned to a ~~failing~~  
452 priority school for the next school year.

453 c. The student was notified that he or she was assigned  
454 to a ~~failing~~ priority school for the next school year.

455 (2) This section does not apply to a student who is  
456 enrolled in the Department of Youth Services School District.

457 (3) For the purposes of continuity of educational  
458 choice, the tax credit shall be available to parents for those  
459 grade levels of the ~~failing~~ priority school from which the  
460 student transferred. The parent of a student who transfers  
461 from a ~~failing~~ priority school may receive income tax credits  
462 for those grade levels enrolled in and attended in the  
463 ~~nonfailing~~ qualifying public school or nonpublic school of the  
464 parent's choice transferred to that were included in the  
465 ~~failing~~ priority school from which the student transferred,  
466 whether or not the ~~failing~~ priority school becomes a  
467 ~~nonfailing~~ qualifying school during those years. The parent of  
468 such a student shall no longer be eligible for the income tax  
469 credit after the student completes the highest grade level in  
470 which he or she would otherwise have been enrolled at the  
471 ~~failing~~ priority school. Notwithstanding the foregoing, as  
472 long as the student remains enrolled in or assigned to attend  
473 a ~~failing~~ priority school, the parent may again transfer the  
474 student to a ~~nonfailing~~ qualifying public school or nonpublic  
475 school of the parent's choice and request and receive an  
476 income tax credit as provided in this section.



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477           ~~(4)~~(c) A local school system, for each student enrolled  
478 in or assigned to a ~~failing~~ priority school, shall do ~~all~~ both  
479 of the following:

480           ~~a.~~(1) Timely notify the parent of the student of all  
481 options available under this section as soon as the school of  
482 attendance is designated as a ~~failing~~ priority school.

483           ~~b.~~(2) Offer the parent of the student an opportunity to  
484 enroll the student in another public school within the local  
485 school system that is not a ~~failing~~ priority school or a  
486 ~~failing~~ priority school to which the student has been  
487 assigned.

488           ~~(5)~~(d) The parent of a student enrolled in or assigned  
489 to a school that has been designated as a ~~failing~~ priority  
490 school, who decides to transfer the student to a ~~nonfailing~~  
491 qualifying public school, shall first attempt to enroll the  
492 student in a ~~nonfailing~~ qualifying public school within the  
493 same local system in which the student is already enrolled or  
494 assigned to attend before attempting to enroll the student in  
495 a ~~nonfailing~~ qualifying public school that has available space  
496 in any other local school system in the state. A local school  
497 system may accept the student on whatever terms and conditions  
498 the system establishes and report the student for purposes of  
499 the local school system's funding pursuant to the Foundation  
500 Program.

501           ~~(6)~~(e) For students in the local school system who are  
502 participating in the ~~tax credit~~ program, the local school  
503 system shall provide locations and times to take all statewide  
504 assessments required by law.



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505           ~~(7)~~ (f) ~~Students with disabilities~~ Eligible students  
506 with unique needs who are eligible to receive services from  
507 the local school system under federal or state law, and who  
508 participate in the tax credit program, remain eligible to  
509 receive services from the local school system as provided by  
510 federal or state law. The local school system shall be  
511 reimbursed by the scholarship granting organization for all  
512 contracted services provided to an eligible student and an  
513 eligible student with unique needs.

514           ~~(8)~~ (g) If a parent enrolls a student in a ~~nonfailing~~  
515 qualifying public school within the same local school system,  
516 and that system provides transportation services for other  
517 enrolled students, transportation costs to the ~~nonfailing~~  
518 qualifying public school shall be the responsibility of the  
519 local school system. Local school systems may negotiate  
520 transportation options with a parent to minimize system costs.  
521 If a parent enrolls a student in a nonpublic school or in a  
522 ~~nonfailing~~ qualifying public school within another local  
523 school system, regardless of whether that system provides  
524 transportation services for other enrolled students,  
525 transportation of the student shall be the responsibility of  
526 the parent.

527           ~~(9)~~ (h) The State Department of Education shall  
528 ~~promulgate~~ adopt reasonable rules to effectuate the intent of  
529 this subsection. Rules shall include penalties for  
530 noncompliance.

531           ~~(e)~~ (i) There is created within the Education Trust Fund  
532 a separate account named the ~~Failing~~ Priority Schools Income



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533 Tax Credit Account. The Commissioner of Revenue shall certify  
534 to the Comptroller the amount of income tax credits due to  
535 parents under this section and the Comptroller shall transfer  
536 into the ~~Failing~~ Priority Schools Income Tax Credit Account  
537 only the amount from sales tax revenues within the Education  
538 Trust Fund that is sufficient for the Department of Revenue to  
539 use to cover the income tax credits for the applicable tax  
540 year. The Commissioner of Revenue shall distribute the funds  
541 in the ~~Failing~~ Priority Schools Income Tax Credit Account to  
542 parents pursuant to this section.

543 ~~(d)~~ (j) (1) Nothing in this section or chapter shall be  
544 construed to force any public school, school system, or school  
545 district or any nonpublic school, school system, or school  
546 district to enroll any student.

547 (2) A public school, school system, or school district  
548 or any nonpublic school, school system, or school district may  
549 develop the terms and conditions under which it will allow a  
550 student whose parent receives an income tax credit pursuant to  
551 this section to be enrolled, but such terms and conditions may  
552 not discriminate on the basis of the race, gender, religion,  
553 color, disability status, or ethnicity of the student or of  
554 the student's parent.

555 (3) Nothing in this section shall be construed to  
556 authorize the violation of or supersede the authority of any  
557 court ruling that applies to the public school, school system,  
558 or school district, specifically any federal court order  
559 related to the desegregation of the local school system's  
560 student population."



## SB263 Enrolled

561 "§16-6D-9

562 (a) (1) An individual taxpayer who files a state income  
563 tax return and is not claimed as a dependent of another  
564 taxpayer, a taxpayer subject to the corporate income tax  
565 levied by Chapter 18 of Title 40, an Alabama S corporation as  
566 defined in Section 40-18-160, or a Subchapter K entity as  
567 defined in Section 40-18-1 may claim a credit for a  
568 contribution made to a scholarship granting organization. If  
569 the credit is claimed by an Alabama S corporation or  
570 Subchapter K entity, the credit shall pass through to and may  
571 be claimed by any taxpayer eligible to claim a credit under  
572 this subdivision who is a shareholder, partner, or member  
573 thereof, based on the taxpayer's pro rata or distributive  
574 share, respectively, of the credit.

575 (2) The tax credit may be claimed by an individual  
576 taxpayer or a married couple filing jointly in an amount equal  
577 to 100 percent of the total contributions the taxpayer made to  
578 a scholarship granting organization for educational  
579 scholarships during the taxable year for which the credit is  
580 claimed, up to 100 percent of the tax liability of the  
581 individual taxpayer, not to exceed one hundred thousand  
582 dollars (\$100,000) per individual taxpayer or married couple  
583 filing jointly. For purposes of this section, an individual  
584 taxpayer includes an individual who is a shareholder of an  
585 Alabama S corporation or a partner or member of a Subchapter K  
586 entity that made a contribution to a scholarship granting  
587 organization.

588 (3) The tax credit may be claimed by a taxpayer subject



589 to the Alabama corporate income tax in an amount equal to 100  
590 percent of the total contributions the taxpayer made to a  
591 scholarship granting organization for educational scholarships  
592 during the taxable year for which the credit is claimed, up to  
593 100 percent of the tax liability of the taxpayer.

594 (4) A taxpayer subject to the Alabama corporate income  
595 tax, an individual taxpayer, or a married couple filing  
596 jointly may carry forward a tax credit earned under the tax  
597 credit scholarship program for up to three taxable years.

598 (5) The cumulative amount of tax credits issued  
599 pursuant to subdivision (2) and subdivision (3) shall not  
600 exceed ~~thirty million dollars (\$30,000,000)~~ forty million  
601 dollars (\$40,000,000) annually, based on the calendar year. If  
602 the cumulative amount of tax credits issued exceeds 90 percent  
603 of the set cap for three out of four consecutive years, there  
604 will be an automatic increase of ten million dollars  
605 (\$10,000,000) until the cumulative amount of tax credits  
606 issued reaches sixty million dollars (\$60,000,000). A taxpayer  
607 making one or more otherwise tax-creditable contributions  
608 before the due date, with extensions, of a timely filed 2014  
609 tax return may elect to treat all or a portion of such  
610 contributions as applying to and creditable against its 2014  
611 Alabama income tax liability, if the taxpayer properly  
612 reserves the credit on the website of the Department of  
613 Revenue or another method provided by the Department of  
614 Revenue. The amount creditable against the taxpayer's 2014  
615 income tax liability shall be limited to the lesser of the  
616 amount so designated or the remaining balance, if any, of the



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617 cumulative amount of the twenty-five million dollars  
618 (\$25,000,000) of tax credits available for the 2014 calendar  
619 year. No such contribution and election by a taxpayer to  
620 reserve tax credits against the remaining balance of the  
621 cumulative amount of tax credits available for 2014 shall  
622 preclude the taxpayer from making additional contributions in  
623 2015 and reserving those amounts against the cumulative amount  
624 of tax credits available for 2015. The Department of Revenue  
625 shall develop a procedure to ensure that this cap is not  
626 exceeded and shall also prescribe the various methods by which  
627 these credits are to be issued.

628 (6) No credit may be claimed for a contribution made to  
629 a scholarship granting organization if the contribution is  
630 restricted or conditioned in any way by the donor including,  
631 but not limited to, requiring the scholarship granting  
632 organization to direct all or part of the contribution to a  
633 particular qualifying school or to grant an educational  
634 scholarship to a particular eligible student.

635 (b) (1) ADMINISTRATIVE ACCOUNTABILITY STANDARDS. All  
636 scholarship granting organizations shall do all of the  
637 following:

638 a. Notify the Department of Revenue of their intent to  
639 provide educational scholarships to eligible students.

640 b. Demonstrate to the Department of Revenue that they  
641 have been granted exemption from the federal income tax as an  
642 organization described in Section 501(c)(3) of the Internal  
643 Revenue Code, as in effect from time to time.

644 c. Distribute periodic educational scholarship payments





## SB263 Enrolled

645 as checks made out and mailed to or directly deposited with  
646 the school where the student is enrolled.

647 d. Provide a Department of Revenue approved receipt to  
648 taxpayers for contributions made to the scholarship granting  
649 organization.

650 e. Ensure that all determinations with respect to the  
651 eligibility of a student to receive an educational scholarship  
652 shall be made by the scholarship granting organization. A  
653 scholarship granting organization shall not delegate any  
654 responsibility for determining the eligibility of a student  
655 for an educational scholarship or any other requirements it is  
656 subject to under this chapter to any qualifying school or an  
657 entity affiliated therewith.

658 f. Verify that a student who is receiving an  
659 educational scholarship as an eligible student with unique  
660 needs satisfies the qualifications provided in subdivision (6)  
661 of Section 16-6D-4, before the first day of every other  
662 instructional year for which the student receives the  
663 educational scholarship.

664 ~~f.g.~~ Ensure that at least 95 percent of their revenue  
665 from donations is expended on educational scholarships, and  
666 that all revenue from interest or investments is expended on  
667 educational scholarships. A scholarship granting organization  
668 may expend up to five percent of its revenue from donations on  
669 administrative and operating expenses in the calendar year of  
670 the donation or in any subsequent calendar year.

671 ~~g.h.~~ Ensure that scholarship funds on hand at the  
672 beginning of a calendar year are expended on educational



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673 scholarships within three calendar years. Any scholarship  
674 funds on hand at the beginning of a calendar year that are not  
675 expended on educational scholarships within three calendar  
676 years shall be turned over to and deposited with the State  
677 Department of Education for the benefit of its At-Risk Student  
678 Program to be distributed to local boards of education on the  
679 basis determined by the State Department of Education in  
680 furtherance of support to underperforming schools.

681 h.i. Ensure that at least 75 percent of first-time  
682 recipients of educational scholarships were not continuously  
683 enrolled in a private school during the previous academic  
684 year. To ensure compliance with this paragraph, the local  
685 board of education of the local school system in which an  
686 eligible student applying for an educational scholarship  
687 resides, upon written request by a parent, shall provide  
688 written verification that a particular address is in the  
689 attendance zone of a specified public school. The State  
690 Department of Education shall provide written verification of  
691 enrollment in a priority school under this chapter. With  
692 respect to first time educational scholarship recipients,  
693 scholarship granting organizations shall give priority to  
694 eligible students who are zoned to attend a priority school  
695 over eligible students who are not zoned to attend a priority  
696 school.

697 j. Ensure that 25 percent of first-time recipients of  
698 educational scholarships are not zoned for a priority school  
699 and were not continuously enrolled in a private school during  
700 the previous academic year.



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701           ~~i.~~k. Cooperate with the Department of Revenue to  
702 conduct criminal background checks on all of their employees  
703 and board members and exclude from employment or governance  
704 any individual who may reasonably pose a risk to the  
705 appropriate use of contributed funds.

706           ~~j.~~l. Ensure that educational scholarships are portable  
707 during the academic year and can be used at any qualifying  
708 school that accepts the eligible student according to the  
709 wishes of the parent. If an eligible student transfers to  
710 another qualifying school during an academic year, the  
711 educational scholarship amount may be prorated.

712           ~~k.~~m. Publicly report to the Department of Revenue by  
713 September 1 of each year all of the following information  
714 prepared by a certified public accountant regarding their  
715 educational scholarships funded in the previous academic year:

716           1. The name and address of the scholarship granting  
717 organization.

718           2. The total number and total dollar amount of  
719 contributions received during the previous academic year.

720           3. The total number and total dollar amount of  
721 educational scholarships awarded and funded during the  
722 previous academic year, the total number and total dollar  
723 amount of educational scholarships awarded and funded during  
724 the previous academic year for students qualifying for the  
725 federal free and reduced-price lunch program, and the  
726 percentage of first-time recipients of educational  
727 scholarships who were enrolled in a public school during the  
728 previous academic year.



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729 ~~l.n.~~ Publicly report to the Department of Revenue, by  
730 the 15th day after the close of each calendar quarter, all of  
731 the following information about educational scholarships  
732 granted during the quarter:

733 1. The total number of scholarships awarded and funded.

734 2. The names of the qualifying schools that received  
735 funding for educational scholarships, the total amount of  
736 funds paid to each qualifying school, and the total number of  
737 scholarship recipients enrolled in each qualifying school.

738 3. The total number of eligible students zoned to  
739 attend a ~~failing~~ priority school who received educational  
740 scholarships from the scholarship granting organization.

741 4. The total number of first time scholarship  
742 recipients who were continuously enrolled in a nonpublic  
743 school prior to receiving an educational scholarship from that  
744 scholarship granting organization.

745 ~~m.o.~~ Ensure that educational scholarships are not  
746 provided for eligible students to attend a school with paid  
747 staff or board members, or relatives thereof, in common with  
748 the scholarship granting organization.

749 ~~n.p.~~ Ensure that educational scholarships are provided  
750 in a manner that does not discriminate based on the gender,  
751 race, or disability status of the scholarship applicant or his  
752 or her parent.

753 ~~e.~~ ~~Ensure that educational scholarships are provided~~  
754 ~~only to eligible students who are zoned to attend a failing~~  
755 ~~school so that the eligible student can attend a qualifying~~  
756 ~~school. To ensure compliance with the immediately preceding~~



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757 ~~sentence, the local board of education for the county or~~  
758 ~~municipality in which an eligible student applying for an~~  
759 ~~educational scholarship resides, upon written request by a~~  
760 ~~parent, shall provide written verification that a particular~~  
761 ~~address is in the attendance zone of a specified public~~  
762 ~~school. The State Department of Education shall provide~~  
763 ~~written verification of enrollment in a failing school under~~  
764 ~~this chapter. With respect to first time educational~~  
765 ~~scholarship recipients, scholarship granting organizations~~  
766 ~~shall give priority to eligible students zoned to attend~~  
767 ~~failing schools over eligible students not zoned to attend~~  
768 ~~failing schools.~~

769 g. Any scholarship funds unaccounted for on ~~July 31st~~  
770 June 30 of each calendar year may be made available to  
771 eligible students to defray the costs of attending a  
772 qualifying school, whether or not the student is zoned to  
773 attend a ~~failing~~ priority school. Any provision of this  
774 section to the contrary notwithstanding, once an eligible  
775 student receives an educational scholarship under this  
776 program, scholarship funds may be made available to the  
777 student for educational scholarships until the student  
778 graduates from high school or reaches 19 years of age,  
779 regardless of whether the student is zoned to attend a ~~failing~~  
780 priority school, subject to the income eligibility  
781 requirements of paragraph (5)b. ~~of subdivision (4)~~ of Section  
782 16-6D-4.

783 r. An eligible student who enrolls in a public school  
784 or public school program is considered to have terminated his



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785 or her participation in the program. Any remaining scholarship  
786 funds shall be paid to the public school system in which the  
787 eligible student enrolls.

788 p-s. Ensure that no donations are directly made to  
789 benefit specifically designated scholarship recipients or to  
790 particular qualifying schools.

791 q-t. Submit to the Department of Revenue annual  
792 verification of the scholarship granting organization's  
793 policies and procedures used to determine scholarship  
794 eligibility. The verification shall confirm that the  
795 scholarship granting organization, and not one or more  
796 qualifying schools accepting educational scholarship  
797 recipients or scholarship funds, is determining whether  
798 scholarship applicants are eligible to receive educational  
799 scholarships. The verification shall also confirm that the  
800 scholarship granting organization is giving priority to  
801 receive an educational scholarship to eligible students zoned  
802 to attend ~~failing~~ priority schools.

803 r-u. Submit to the Department of Revenue annual  
804 verification that none of its actions or policies restricts a  
805 parent's educational choice by limiting or prohibiting the  
806 enrollment of eligible students in a qualifying school if  
807 those eligible students received educational scholarships from  
808 other scholarship granting organizations.

809 (2) FINANCIAL ACCOUNTABILITY STANDARDS.

810 a. All scholarship granting organizations shall  
811 demonstrate their financial accountability by doing all of the  
812 following:



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813 1. Maintaining a 10 percent reserve balance.

814 ~~1.2.~~ Annually submitting to the Department of Revenue a  
815 financial information report for the scholarship granting  
816 organization that complies with uniform financial accounting  
817 standards established by the Department of Revenue and  
818 conducted by a certified public accountant.

819 ~~2.3.~~ Having the auditor certify that the report is free  
820 of material misstatements.

821 b. All qualifying nonpublic schools shall demonstrate  
822 financial viability, if they are to receive donations of fifty  
823 thousand dollars (\$50,000) or more during the academic year,  
824 by doing either of the following:

825 1. Filing with the scholarship granting organization  
826 prior to receipt of the first educational scholarship payment  
827 for that academic year a surety bond payable to the  
828 scholarship granting organization in an amount equal to the  
829 aggregate amount of scholarship funds expected to be received  
830 during the academic year.

831 2. Filing with the scholarship granting organization  
832 prior to receipt of the first educational scholarship payment  
833 for that academic year financial information that demonstrates  
834 the financial viability of the qualifying nonpublic school.

835 c. A qualifying school, private tutor, or other  
836 educational service provider may not refund, rebate, or share  
837 a student's scholarship with a parent or the student in any  
838 manner.

839 (c) (1) Each scholarship granting organization shall  
840 annually collect and submit to the Department of Revenue with



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841 the annual report required by paragraph ~~k. of subdivision (1)~~  
842 ~~of subsection (b) (1)m.~~ written verification from qualifying  
843 nonpublic schools that accept its educational scholarship  
844 students that those schools do all of the following:

845 a. Comply with all health and safety laws or codes that  
846 otherwise apply to nonpublic schools.

847 b. Hold a valid occupancy permit if required by the  
848 municipality.

849 c. Certify compliance with nondiscrimination policies  
850 set forth in 42 U.S.C. §1981.

851 d. Conduct criminal background checks on employees and  
852 then do all of the following:

853 1. Exclude from employment any person not permitted by  
854 state law to work in a public school.

855 2. Exclude from employment any person who may  
856 reasonably pose a threat to the safety of students.

857 (2) By August 1 of each year, each qualifying nonpublic  
858 school shall provide to each scholarship granting organization  
859 from which it receives educational scholarships verification  
860 that the qualifying nonpublic school is in compliance with the  
861 Alabama Child Protection Act of 1999, Chapter 22A of this  
862 title. Any qualifying nonpublic school failing to timely  
863 provide such annual verification shall be prohibited from  
864 participating in the scholarship program. Each scholarship  
865 granting organization shall annually submit to the Department  
866 of Revenue with the annual report required by paragraph ~~k. of~~  
867 ~~subdivision (1) of subsection (b) (1)m.~~ copies of the written  
868 verifications it receives from each qualifying nonpublic





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869 school.

870 (3) ACADEMIC ACCOUNTABILITY STANDARDS. There shall be  
871 sufficient information about the academic impact educational  
872 scholarship tax credits have on students participating in the  
873 tax credit scholarship program in order to allow parents and  
874 taxpayers to measure the achievements of the tax credit  
875 scholarship program, and therefore:

876 a. Each scholarship granting organization shall ensure  
877 that qualifying schools that accept its educational  
878 scholarship students shall do all of the following:

879 1. Annually administer either the state achievement  
880 tests or nationally recognized norm-referenced tests that  
881 measure learning gains in math and language arts to all  
882 students receiving an educational scholarship in grades that  
883 require testing under the accountability testing laws of the  
884 state for public schools, in order that the state can compare  
885 the academic achievement and learning gains of students  
886 receiving educational scholarships with students of the same  
887 socioeconomic and educational backgrounds who are taking the  
888 state achievement tests or nationally norm-referenced tests.  
889 An eligible student with unique needs for whom standardized  
890 testing is not appropriate, as outlined in his or her  
891 individualized education plan (IEP), is exempt from the  
892 requirements of this subparagraph.

893 2. Allow the costs of the testing requirement to be  
894 covered by the educational scholarships distributed by the  
895 scholarship granting organizations.

896 3. Provide the parents of each student who was tested

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897 with a copy of the results of the tests on an annual basis,  
898 beginning with the first year of testing.

899 4. Provide the test results to the Department of  
900 Revenue on an annual basis, beginning with the first year of  
901 testing.

902 5. Report student information that allows the state to  
903 aggregate data by grade level, gender, family income level,  
904 and race.

905 6. Provide graduation rates of those students  
906 benefitting from educational scholarships to the Department of  
907 Revenue or an organization chosen by the state in a manner  
908 consistent with nationally recognized standards.

909 7. Ensure that a student who receives an educational  
910 scholarship conforms to the attendance requirements of the  
911 qualifying school. If a student fails to conform, the  
912 qualifying school shall immediately communicate the failure to  
913 the applicable scholarship granting organization.

914 8. Ensure that an eligible student with unique needs  
915 who satisfies the requirements outlined in subparagraph 1., is  
916 exempt from taking state achievement tests.

917 9. Ensure that an eligible student with unique needs is  
918 not enrolled in a public school or public school program while  
919 participating in the scholarship program.

920 b. The Department of Revenue may bar a qualifying  
921 school or educational service provider from the program if the  
922 Department of Revenue discovers that the qualifying school or  
923 educational service provider has done any of the following:

924 1. Routinely failed to comply with the accountability



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925 standards established in this chapter.

926 2. Failed to provide the eligible student with the  
927 educational services funded by the program.

928 c. If the Department of Revenue makes the determination  
929 to bar a qualifying school or educational service provider  
930 from the program, the Department of Revenue shall notify  
931 eligible students and their parents of this decision as soon  
932 as practicable. The Department of Revenue shall coordinate the  
933 timing to coincide with the end of the school year.

934 b.d.1. The Department of Revenue shall select an  
935 independent research organization, which may be a public or  
936 private entity or university, to analyze the results of the  
937 testing required by paragraph a. every other academic year.  
938 The cost of analyzing and reporting on the test results to the  
939 Department of Revenue by the independent research organization  
940 shall be borne by all scholarship granting organizations in  
941 proportion to the total scholarship donations received for the  
942 two calendar years prior to the report being published.  
943 Scholarship granting organizations may receive and use funds  
944 from outside sources to pay for its share of the biennial  
945 report.

946 2. The independent research organization shall report  
947 to the Department of Revenue every other year on the learning  
948 gains of students receiving educational scholarships and the  
949 report shall be aggregated by the grade level, gender, family  
950 income level, number of years of participation in the tax  
951 credit scholarship program, and race of the student receiving  
952 an educational scholarship. The report shall also include, to



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953 the extent possible, a comparison of the learning gains of  
954 students participating in the tax credit scholarship program  
955 to the statewide learning gains of public school students with  
956 socioeconomic and educational backgrounds similar to those  
957 students participating in the tax credit scholarship program.

958 3. The first report under this paragraph shall be  
959 submitted to the Department of Revenue by September 1, 2016.  
960 Each biennial report thereafter shall be submitted to the  
961 Department of Revenue on September 1 of the year the report is  
962 due. All biennial reports required by this paragraph shall be  
963 published on the website of the Department of Revenue.

964 4. Each scholarship granting organization shall collect  
965 all test results from qualifying schools accepting its  
966 scholarship recipients and turn over such test results to the  
967 independent research organization described in this paragraph  
968 by August 15 of each calendar year.

969 5. The sharing and reporting of student learning gain  
970 data under this paragraph shall conform to the requirements of  
971 the Family Educational Rights and Privacy Act, 20 U.S.C.  
972 § 1232g., and shall be for the sole purpose of creating the  
973 biennial report required by this paragraph. All parties shall  
974 preserve the confidentiality of such information as required by  
975 law. The biennial report shall not disaggregate data to a  
976 level that could identify qualifying schools participating in  
977 the tax credit scholarship program or disclose the academic  
978 level of individual students.

979 6. At the same time the biennial report under  
980 subparagraph 2. is submitted to the Department of Revenue, it



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981 shall be submitted to the Chair of the Senate Education Policy  
982 Committee and the Chair of the House Education Policy  
983 Committee.

984 (d) (1) The Department of Revenue shall adopt rules and  
985 procedures consistent with this section as necessary.

986 (2) The Department of Revenue shall provide a  
987 standardized format for a receipt to be issued by a  
988 scholarship granting organization to a taxpayer to indicate  
989 the value of a contribution received. The Department of  
990 Revenue shall require a taxpayer to provide a copy of the  
991 receipt when claiming the tax credit pursuant to this section.

992 (3) The Department of Revenue shall provide a  
993 standardized format for a scholarship granting organization to  
994 report the information required in paragraphs ~~k. and l.~~ of  
995 ~~subdivision (1) of subsection~~ (b) (1)m. and (1)n.

996 (4) The Department of Revenue may conduct either a  
997 financial review or audit of a scholarship granting  
998 organization.

999 (5) The Department of Revenue may bar a scholarship  
1000 granting organization or a qualifying school from  
1001 participating in the tax credit scholarship program if the  
1002 Department of Revenue establishes that the scholarship  
1003 granting organization or the qualifying school has  
1004 intentionally and substantially failed to comply with the  
1005 requirements in subsection (b) or subsection (c).

1006 (6) If the Department of Revenue decides to bar a  
1007 scholarship granting organization or a qualifying school from  
1008 the tax credit scholarship program, the Department of Revenue



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1009 shall notify affected educational scholarship students and  
1010 their parents of the decision as quickly as possible.

1011 (7) The Department of Revenue shall publish and  
1012 routinely update, on the website of the department, a list of  
1013 scholarship granting organizations in the state, by county.

1014 (8) The Department of Revenue shall publish and make  
1015 publicly available on its website all annual and quarterly  
1016 reports required to be filed with it by scholarship granting  
1017 organizations under paragraphs k. and l. of subdivision (1) of  
1018 subsection (b).

1019 (e) (1) All schools participating in the tax credit  
1020 scholarship program shall be required to operate in Alabama.

1021 (2) All schools participating in the tax credit  
1022 scholarship program shall comply with all state laws that  
1023 apply to public schools regarding criminal background checks  
1024 for employees and exclude from employment any person not  
1025 permitted by state law to work in a public school.

1026 (3) All qualifying nonpublic schools participating in  
1027 the tax credit scholarship program shall maintain a website  
1028 that describes the school, the instructional program of the  
1029 school, and the tuition and mandatory fees charged by the  
1030 school, updated prior to the beginning of each semester.

1031 (4) The amount of a scholarship awarded a student to  
1032 attend a nonpublic school may not exceed the total sum of  
1033 tuition and mandatory fees normally charged a student to  
1034 attend the nonpublic school for the same attendance period.  
1035 The amount of a scholarship awarded a student to attend a  
1036 public school may not exceed the total state appropriation



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1037 provided for a student to attend the public school for the  
1038 same attendance period.

1039 (f) The tax credit provided in this section may be  
1040 first claimed for the 2013 tax year, but may not be claimed  
1041 for any tax year prior to the 2013 tax year.

1042 (g) (1) Nothing in this section shall be construed to  
1043 force any public school, school system, or school district or  
1044 any nonpublic school, school system, or school district to  
1045 enroll any student. No qualifying school may enter into any  
1046 agreement, whether oral or written, with a scholarship  
1047 granting organization that would prohibit or limit an eligible  
1048 student from enrolling in the school based on the identity of  
1049 the scholarship granting organization from which the eligible  
1050 student received an educational scholarship.

1051 (2) A public school, school system, or school district  
1052 or any nonpublic school, school system, or school district may  
1053 develop the terms and conditions under which it will allow a  
1054 student who receives a scholarship from a scholarship granting  
1055 organization pursuant to this section to be enrolled, but such  
1056 terms and conditions may not discriminate on the basis of the  
1057 race, gender, religion, disability status, or ethnicity of the  
1058 student or of the student's parent.

1059 (3) Nothing in this section shall be construed to  
1060 authorize the violation of or supersede the authority of any  
1061 court ruling that applies to the public school, school system,  
1062 or school district, specifically any federal court order  
1063 related to the desegregation of the local school system's  
1064 student population.



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1065           (h) Nothing in this chapter shall affect or change the  
1066 athletic eligibility rules of student athletes governed by the  
1067 Alabama High School Athletic Association or similar  
1068 association."

1069           Section 2. This act shall become effective on the first  
1070 day of the third month following its passage and approval by  
1071 the Governor, or its otherwise becoming law.





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\_\_\_\_\_  
President and Presiding Officer of the Senate

\_\_\_\_\_  
Speaker of the House of Representatives

SB263

Senate 23-May-23

I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris,  
Secretary.

\_\_\_\_\_

House of Representatives  
Passed: 31-May-23

\_\_\_\_\_

By: Senator Chesteen

APPROVED 6-8-2023

TIME 10:15 AM

  
\_\_\_\_\_  
GOVERNOR

Alabama Secretary Of State  
Act Num....: 2023-418  
Bill Num....: S-263  
Recv'd 06/08/23 10:54amSLF

ENSOR

Wesley

SPONSORS

Wesley 19

Nelson 20

Williams 21

Seed 22

Cofield 23

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SENATE ACTION

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB 263.

yeas 25 nays 8 abstain 0

PATRICK HARRIS,  
Secretary

I hereby certify that the notice & proof is attached to the Bill, SB \_\_\_\_\_ as required in the General Acts of Alabama, 1975 Act No. 919.

PATRICK HARRIS,  
Secretary

CONFERENCE COMMITTEE

Senate Conferees \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

HOUSE ACTION

DATE: 5-24 2023

RD 1 RFD NAME

REPORT OF STANDING COMMITTEE

This bill having been referred by the House to its standing committee on Ways & Means Education was acted upon by such committee in session, and returned therefrom to the House with the recommendation that it be Passed, w/amend(s) \_\_\_\_\_ w/sub \_\_\_\_\_. This 25<sup>th</sup> day of May, 2023.

Darryl Garrett Chairperson

DATE: 5-25 2023

RF RD 2 CAL

DATE: \_\_\_\_\_ 20\_\_\_\_

RE-REFERRED  RE-COMMITTED   
Committee \_\_\_\_\_

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB 263

YEAS \_\_\_\_\_ NAYS \_\_\_\_\_

JOHN TREADWELL,  
Clerk