ALABAMA DEPARTMENT OF REVENUE
ADMINISTRATIVE CODE

CHAPTER 810-3-61
ALABAMA ACCOUNTABILITY ACT - CREDITS FOR SCHOLARSHIP GRANTING ORGANIZATIONS

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810-3-61-.01 Definition Of Terms And Phrases Used In Connection With The Scholarship Program.

(1) Scope: Act 2013-64, as amended by Acts 2013-265 and 2015-434, provides for income tax credits to individuals and corporations making scholarship donations to Scholarship Granting Organizations (SGOs.) This rule defines certain terms and phrases used in connection with the program.

(2) **"Academic Year"** shall refer to the12-month period beginning on July 1 and ending on the following June 30.

(3) **"Department"** shall mean the Alabama Department of Revenue.

(4) **"Educational Scholarship"** is a grant made by a scholarship granting organization to an eligible student to cover all or part of the tuition and mandatory fees for one academic year subject to the scholarship limits of $6000 for elementary schools, $8000 for middle schools, and $10,000 for high schools; but not in excess of the nonpublic schools normal published prices or state appropriations for public school students.

(5) **"Eligible Student"** is a member of a family consisting of at least two or more related persons who reside together with an annual income equal to or less than 185% the federal poverty level. The SGO must determine the eligibility of each student every other academic year in which the student receives an educational scholarship. If the annual income of the scholarship recipient's family should exceed 185 percent of the federal poverty level, the student will remain eligible until such a time as the annual income of the student's family exceeds 275 percent of the federal poverty level or the age of 19 is reached.

(6) **"Family"** is a group of two or more people related by birth, marriage, or adoption, including foster children, who reside together.

(7) **"Income"** shall mean income before any deductions and includes monetary compensation for services (including wages, salary, commissions or bonds or income from estates or trusts, net rental income, public assistance or welfare payments, unemployment compensation, government civilian employee or military retirement or pensions or veterans payments, private pensions or annuities, alimony or child support payments, regular contributions from persons not living in the household, net royalties, and other cash income. The term "income" shall not include any income or benefits received under any Federal or State programs that are excluded from consideration as income by any statutory prohibition.

(8) **"Scholarship funds unaccounted for"** shall mean the amount of scholarship funds which have not been paid out, promised or otherwise committed for a particular student, as of a given date.

(9) **"SCHOLARSHIP GRANTING ORGANIZATION"** is an organization that provides or is approved to provide educational scholarships to eligible students attending qualifying schools of their parents' choice.

(10) **"Previous school year"** means the normal academic year ending immediately prior to the academic year for which the report is submitted.

Author: Curtis Stewart, Neal Hearn
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 16-16D-1.

History: New Rule: Filed August 23, 2013, effective September 27, 2013. **Amended:** Filed November 30, 2015; effective January 4, 2016.

810-3-61-.02 The Alabama Accountability Act Of 2013 Credits For Contributions To Scholarship Granting Organizations (SGOs).

(1) Credits will be limited to scholarship donations which are bona fide gifts.

(a) Donor Restrictions. The donor may not receive anything of value from the SGO in return for the gift or place any restrictions on the use of the donated funds.

(b) A donation that is restricted or conditioned in any way by a donor is not eligible for an income tax credit under the Alabama Accountability Act of 2013.

(c) No relative of the donor may receive a scholarship from the SGO to which the donation was made. Relatives include but are not limited to:

1. Children

2. Grandchildren

3. Siblings

4. Children or grandchildren of a sibling

5. Parents

6. Grandparents

(2) Donation Conditions.

(a) Allowable scholarship donations must be in cash. Donations cannot be services, forgiveness of debt, barter or non-cash assets.

(b) All donations must be entered into the Department's scholarship tracking system.

(c) Credits will be reserved on a first-come, first- served basis, subject to verification by the SGOs.

(d) Once the $30 million threshold has been reached and approved, a donor may lose the right to claim the tax credit.

(e) A donor may not claim an income tax deduction on the Alabama tax return for the same contribution for which a credit is allowed on the current year's tax return or for which a credit is carried forward to a future tax year.

(f) Other than the credits claimed by individual taxpayers who are shareholders of Alabama S corporations or partners or members of Subchapter K entities, credits may only be claimed by the donating individual or corporate entity and may not be assigned or transferred to any other taxpayer.

(3) For Taxable Years Ending Prior To December 31, 2021.

(a) A corporation can take up to 100% of the total contributions made to a SGO during a taxable year as an allowable credit of up to 50% of the tax liability of the corporation.

(b) An individual taxpayer or married couple filing jointly can take up $50,000 or 100% of his/her total contribution, whichever is less, made to a SGO during a taxable year as an allowable credit of up to 50% of the tax liability of the individual.

(c) The maximum allowable credit for an individual taxpayer who is claiming the credit as the result of a donation to an SGO by an Alabama S corporation or a Subchapter K entity is limited to 100% of the individual’s pro rata or distributive share of the donation by the Alabama S corporation or Subchapter K entity, or $50,000, whichever is less.

(d) The allowable credit may be claimed only once. If the allowable credit exceeds 50% of the tax liability in the tax year the donation is made, the unused portion may be carried over for up to three years. Any unused allowable credit carried over from a prior year may be claimed after the allowable credit for the current year, subject to the overall limitation of 50% of the tax liability of the donor, and in the case of individual taxpayers, $50,000.00.

(4) For Taxable Years Beginning After December 31, 2021.

(a) A corporation can take up to 100% of the total contributions made to a SGO during a taxable year as an allowable credit of up to 100% of the tax liability of the corporation.

(b) The maximum allowable credit for an individual or married couple filing jointly is 100% of the tax liability not to exceed $100,000, or 100% of his/her total contribution, whichever is less.

(c) Any allowable credit exceeding 100% of the taxpayer's liability may be carried forward for up to three years. Available carry forwards must be applied after any current year allowable credit, subject to the overall limitations provided in subparagraphs (4)(a) and (4)(b).

Author: Curtis Stewart, Neal Hearn
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 16-16D-1, 16-6D-9.
History: **New Rule:** Filed August 23, 2013, effective September 27, 2013. **Amended:** Filed November 30, 2015; effective January 4, 2016. **Amended:** Published February 28, 2022; effective April 14, 2022. **Repealed and New Rule:** Published September 30, 2022; effective November 14, 2022.

810-3-61-.03 Application Of Scholarship Granting Organizations (SGOs) For Participating In The Scholarship Program.

(1) Scope: Act 2013-64, as amended by Acts 2013-265 and 2015-434, provides for the creation of an SGO to receive scholarship donations for the purpose of making scholarship grants. This rule prescribes procedures for the inclusion of SGOs on the Department's list of organizations eligible for receiving scholarship donations entitling donors to the tax credits.

(2) Organizations must apply to the Department using a form available on the Department's website after July 1, 2013.

(3) The IRS approval letter exempting the organization from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code must be submitted to the Department as part of the application process.

(4) The SGO must state that it will abide by all requirements in the statute and applicable regulations.

(5) By August 1, 2013, the Department will notify the qualified SGO that it is being included in the list being placed on the Department's website, of organizations approved to accept qualifying scholarship donations pursuant to Section 9 of the Act.

(6) For each application received after the initial cut-off date, the SGO will be notified by the Department if it qualifies, and if so, its name will be added to the list of qualified organizations on the Department's web site.

(7) After receipt of its qualification notice, an SGO may accept scholarship donations, pursuant to Rule 810-3-61-.04.

Author: Curtis Stewart, Neal Hearn
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 16-16D-1.

History: New Rule: Filed August 23, 2013, effective September 27, 2013. **Amended:** Filed November 30, 2015; effective January 4, 2016.

810-3-61-.04 Receipt, Maintenance And Disbursement Of Scholarship Funds By Scholarship Granting Organizations (SGOs).

(1) Scope. The Alabama Accountability Act of 2013 provides for the granting of scholarships by SGOs under certain circumstances. This rule prescribes accountability requirements for making scholarship grants.

(2) The SGO must maintain separate accounts for all scholarship donations, including any interest or other income on the scholarship funds. The scholarship fund must not be comingled with any other funds, and may only be used for making actual scholarship grants and for paying allowable non-scholarship expenditures, as described in paragraph 3, below.

(3) An SGO may accept and separately account for donations which do not entitle the donor to tax credits under the scholarship program, if such donations are not a violation of its by-1aws and other applicable laws and regulations. The SGO may use any interest or other investment income derived from non-scholarship funds for non-scholarship purposes.

(4) At least 95% of revenue from scholarship donations and all interest and investment income attributable to scholarship funds must be used for educational scholarships. Therefore, the SGO may use no more than 5% of the amount of its scholarship donations for purposes other than making scholarship grants. The 5% maximum will be calculated for each calendar year, using the amount of scholarship donations received during the year. If an SGO does not expend the full 5% of funds available for non-scholarship expenditures in the year of donation, the remaining balance may be carried forward for use in subsequent years on non-scholarship expenditures.

(5) The SGO must make sure any scholarship funds on hand at the beginning of a calendar year are expended on educational scholarships by the end of the academic year ending during the next succeeding calendar year. Any scholarship funds which are not so expended shall be turned over and deposited with the State Department of Education for the benefit of its At-Risk Student Program.

(6) Effective for tax years beginning after December 31, 2021, any scholarship funds on hand at the beginning of a calendar year must be expended on educational scholarships within three calendar

years or turned over and deposited with the Department of Education for the benefit of its At-Risk Student Program.

(7) For all scholarship donations received, the SGO must notify donors to enter the donation into the Department of Revenue's system for tracking scholarship donations and credits, which must be done pursuant to Rule 810-3-61-.02.

(8) The Department of Revenue will make available an electronic receipt system for qualified SGO to enter and verify actual scholarship donations received. No tax credits will be allowed to donors, if the SGO receiving the donation fails to enter the donation amounts into the system, and to provide all required donor identifying information by the required date.

(9) The SGO must enter all donations received and all required donor identifying information into the Department of Revenue's system within 30 days of receipt of the donations, in order to validate the donor's donation and to create the electronic receipt. The donor will receive the electronic receipt form through the Department of Revenue's system, enabling the donor to use the allowable credit on his/her tax return.

(10) The portion of the $30 million in available tax credits which has been reserved for a particular donation may be released and made available to other donors if the SGO fails to provide validating information by the required date.
Author: Curtis Stewart, Neal Hearn
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 16-16D-1.
History: **New Rule:** Filed August 23, 2013, effective September 27, 2013. **Amended:** Filed November 30, 2015; effective January 4, 2016. **Amended:** Published September 30, 2022; effective November 14, 2022.

810-3-61-.05 Annual Report Of Scholarship Granting Organizations (SGOs).

(1) Scope. Act 2013-64, as amended by Acts 2013-265 and 2015-434, provides for SGOs to report publicly certain information to the Department of Revenue in connection with its educational scholarship funded. This rule prescribes the required information and dates of submission.

(a) An SGO shall, by the 15th day after the close of each calendar quarter, file a report with the Department of Revenue containing the following information about educational scholarships granted during the quarter:

1. The total number of scholarships awarded and funded.

2. The total dollar amount of scholarships awarded and funded.

3. The name of each qualifying school that received scholarship funding, the total amount of scholarship funds paid to each qualifying school, and the total number of scholarship recipients enrolled in each qualifying school.

4. The total number of eligible students zoned to attend a failing school who received educational scholarships from the SGO's.

5. The total number of first time scholarship recipients.

6. The total number of first time scholarship recipients who were continuously enrolled in a nonpublic school prior to receiving an educational scholarship from the SGO.

7. The total number of first time scholarship recipients who were continuously enrolled in a public school prior to receiving an educational scholarship from the SGO.

(b) An SGO shall, by September 1 of each calendar year, file a report containing the following information about educational scholarships granted during the previous academic year:

1. The name and address of the SGO.

2. The total number and total dollar amount of donations received the previous academic year. The actual individual donors and the amounts of their donations must be entered into the Department's system by the SGO as required by Rule 810-3-61-.04.

3. The total number and total dollar amount of educational scholarships awarded and funded the previous academic year.

4. The total number and total dollar amount of educational scholarships awarded and funded during the previous academic year to students qualifying for the federal free and reduced-price lunch program.

5. The percentage of first-time scholarship recipients during the year who were enrolled in public school for the entire previous academic school year.

6. The percentage of first-time scholarship recipients during the year who were enrolled in nonpublic school for the entire previous academic school year.

7. A schedule reporting the following information for each student awarded an educational scholarship from the SGO [This information will not be made public.]:

(i) The name and identifying information of the student,

(ii) The amount of the educational scholarship awarded for the student during the academic year,

(iii) The nonfailing or nonpublic school to which the scholarship grant was paid,

(iv) The name of the failing public school to which the student was assigned,

(v) The dates of the academic year for which the student was first awarded an educational scholarship under the tax credit program,

(vi) Whether the student was enrolled in a public or nonpublic school during the entire previous school year. Students enrolled in a public school as well as nonpublic school for a portion of the previous school year, should not be listed as being enrolled in either public or nonpublic school for the year. If the student was less than school age during the prior school year, the student should not be listed as being enrolled in either public or nonpublic school for the year,

(vii) Whether the student qualified for the federal free and reduced-price lunch program.

8. A statement as to whether the SGO has received complaints of discrimination, and if so, a description of the action taken.

9. A copy of the required annual Form 990.

10. A statement confirming the SGO’s policies and procedures rather than the schools accepting the scholarship funds determines the scholarship recipient’s eligibility and that priority is given to eligible students zoned to attend a failing school.

11. A statement confirming that none of the SGO’s policies or procedures restricts a parent’s educational choice in qualifying schools, for example, by limiting or prohibiting enrollment of eligible students in a qualifying school if those eligible students received educational scholarships from other SGOs.

12. A statement confirming that the SGO has provided by August 15 of each year achievement test results to the Department of Revenue and the independent research organization selected by the Department of Revenue to analyze the test results required in paragraph (c) below.

13. A copy of written verification received from each nonpublic school that receives educational scholarships from the SGO is in compliance with the Alabama Child Protection Act of 1999.

14. A copy of written verification received from each nonpublic school that receives educational scholarships from the SGO that they are in compliance with all health and safety laws or codes that otherwise apply to nonpublic schools, hold a valid occupancy permit if required by the municipality, are in compliance with nondiscrimination policies set forth in 42 USC 1981, and conduct criminal background checks on employees to exclude from employment any person not permitted by state law to work in a public school or who may pose a threat to the safety of the students.

15. The aggregate amount of scholarship funds unexpended as of the end of the year.

16. A reconciliation of unexpended scholarship funds as of the beginning of the academic year to the amount held as of the end of the calendar year, as follows:

(i) Unexpended scholarship funds, beginning of academic year 7/1,

(ii) Plus, interest and revenue from investment of scholarship funds 7/1 - 12/31,

(iii) Plus, scholarship donations received during the academic year 7/1 - 12/31,

(iv) Less, actual scholarship grants paid during the academic year 7/1 - 12/31,

(v) Less, allowable non-scholarship expenditures made during the academic year 7/1 - 12/31,

(vi) Equals, unexpended scholarship funds, end of calendar year.

17. A reconciliation of unexpended scholarship funds as of the beginning of the calendar year to the amount held as of the end of the academic year, as follows:

(i) Unexpended scholarship funds, beginning of calendar year 1/1,

(ii) Plus, interest and revenue from investment of scholarship funds 1/1 - 6/30,

(iii) Plus, scholarship donations received during the academic year 1/1 - 6/30,

(iv) Less, actual scholarship grants paid during the academic year 1/1 - 6/30,

(v) Less, allowable non-scholarship expenditures made during the academic year 1/1 - 6/30,

(vi) Equals, unexpended scholarship funds, end of academic year.

(c) An SGO shall, by August 15 of each calendar year, submit the results of the annually administered state or nationally recognized achievement tests given by qualifying schools who receive scholarships in order to measure the success of the program to both the Department of Revenue and the independent research organization chosen by the Department of Revenue to analyze the test results.

1. Results should be provided in such a way as to aggregate the data by age, grade level, gender, family income level, race and number of years a scholarship recipient.

2. The independent research organization selected to analyze the results of the tests are required to report the findings on learning gains of scholarship students to the Department of Revenue every other year with the first biennial report due by September 1, 2016. This report shall also be submitted to the Senate Education Policy Committee and the Chair of the House Education Policy Committee.

Author: Curtis Stewart, Neal Hearn
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 16-16D-1.
History: **New Rule:** Filed August 23, 2013, effective September 27, 2013. **Amended:** Filed November 30, 2015; effective January 4, 2016.

810-3-61-.06 Notice Of Nonpublic School To The Department Of Its Intention To Participate In The Scholarship Program.

(1) Scope. Act 2013-64, as amended by Acts 2013-265 and 2015-434, imposes eligibility requirements on nonfailing public schools and nonpublic schools wishing to receive scholarship grants for eligible students. Further it limits eligibility for the parent tax credit pursuant to Section 8 of the Act to nonfailing public schools outside the resident school district and to nonpublic schools notifying the Department of their intention to participate in the scholarship program. This rule prescribes the procedure for a nonpublic school to apply for participation in the scholarship program.

(2) The Department will create a web-based portal where nonpublic schools wishing to participate in the scholarship program may register their intent with the department. Registration is not required of nonfailing public schools desiring to participate in the program. The Department presumes that any school that registers to participate in the scholarship program is exhibiting "good faith" intent to accept scholarship students. Any misrepresentation, omission of facts, or fraud in securing scholarship funding will suspend the school from receiving any further scholarship funds.

(3) A nonpublic school registering with the department must indicate that it is willing to abide by all statutory and regulatory requirements of the program, and that it is willing to file and furnish all forms and information required by the SGO and the Department including financial and academic information, as well as all other required information. Academic information reporting requirements pertaining to the statutory requirements referenced above are limited to those students attending the nonpublic school who are receiving educational scholarships under the Alabama Accountability Act. Failing to administer required tests, provide required tests results or other intentional and substantial failure to comply with the requirements of the program will bar the qualifying school from participation in the program. Any qualifying school barred from participating in the Tax Credit Scholarship Program for non-compliance may be reinstated upon correcting any reporting deficiencies or required certifications and providing a statement as to how the problems occurred and have been resolved. Once received the Department will make a determination as to reinstating any school which has been disqualified from the program.

(4) A nonpublic school registering with the department must furnish the name of the accrediting agency by which it is accredited.

(5) If the nonpublic school is not accredited by one of the allowed accrediting agencies, then it must provide the following:

(a) Years in existence (which must be at least three years).

(b) The address of the school's web site that describes the school, its instructional programs, and the mandatory tuition and fees charged by the school (which must be updated prior to the beginning of each semester).

(c) Average daily attendance for each of the last two years.

(d) Number of days in the school year (which must be at least 180 days or the hourly equivalent of 180 days).

(e) Length of the school day (minimum of six and one-half hours).

(f) The number of credits required of students in grades 9-12 before graduation (minimum of 24).

(g) The number of such Carnegie credits required in core subjects (minimum of 16).

(h) A statement as to whether the school requires the Stanford Achievement Test, or its equivalent of all students.

(i) A statement as to whether the school requires all candidates for graduation to take the American College Test.

(j) A statement as to whether the school allows special education students to follow an individual plan of instruction that is different from regular education students.

(6) If the nonpublic school is not accredited by one of the allowed accrediting agencies and has not been in existence for at least three years, the school shall still qualify to participate in the scholarship program if all the requirements of paragraphs (b) through (j) above are satisfied in addition to the nonpublic school operating under the governance of the board of directors equivalent thereof of an accredited nonpublic school. Governance shall include curriculum oversight, personnel and facility management, and financial management.

(7) If, at the end of the three-year governance period the nonpublic school has still not obtained accreditation status, the nonpublic school shall no longer be considered a qualifying school and shall not be eligible to receive any scholarship funds from any SGO until such a time as the nonpublic school obtains proper accreditation as required by this Act.

(8) The Department will create a web-based listing of the participating nonpublic schools, and the SGO must ensure that a

nonpublic school is listed before a scholarship award is paid to the nonpublic school for an eligible student.

(9) The Department will create a web-based listing of the accredited nonpublic schools registered for participation in the scholarship program. Parents of public school students transferring the students to these schools may be eligible for the parent tax credit pursuant to Section 8 of the Act.
Author: Curtis Stewart, Neal Hearn
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 16-16D-1.
History: **New Rule:** Filed August 23, 2013, effective September 27, 2013. **Amended:** Filed November 30, 2015; effective January 4, 2016.

810-3-61-.07 Continuing Eligibility Of Scholarship Granting Organization (SGO) To Participate In The Tax Credit Scholarship Program.

(1) Scope: Act 2013-64, as amended by Acts 2013-265 and 2015-434, establishes certain requirements for the operation of Scholarship Granting Organizations (SGOs) and requires SGOs to report certain information to the Department of Revenue. The Acts also authorize the department to bar an SGO from participating in the Tax Credit Scholarship Program (program) if the department establishes that the SGO has intentionally and substantially failed to comply with the requirements of the program. This rule prescribes the process of notifying an SGO of its non-compliance with a requirement, the effect of such notice on the operation of the SGO, and the steps required of the SGO to be reinstated to the program.

(2) Each SGO shall file reports with the department containing the information explained in Rule 810-3-61-.05, by the following due dates: (1) the annual report shall be due on the first day of September of each calendar year, and (2) each quarterly report shall be due on the fifteenth day of the month following the close of the previous calendar year quarter.

(3) The required reports shall be on forms prescribed by the department.

(4) If any required report for an SGO has not been received by such report’s due date, the SGO will be deemed to have intentionally and substantially failed to comply with the requirements of the program. An SGO filing a delinquent annual report may attach an explanation of any circumstances preventing the timely filing of the report. Upon review of any explanations provided, the department may excuse the delinquency if warranted.

(5) The SGO shall complete the Summary of Compliance section of the annual report, based on the numbers, dollars and percentages

reported elsewhere in the report. If the SGO answers "NO" to any compliance question, it may attach to the report documentation explaining any extraordinary circumstances preventing the requirement from being met.

(6) The review of the initial annual report, timely filed by an SGO, will not result in a determination of intentional and substantial failure to comply with the requirements of the program, solely because of "NO" answers shown in the Summary of Compliance section of the SGO's report. Such "NO" answers will indicate failure to comply with the requirements, but shall not be deemed to be intentional and substantial.

(7) Annual reports for years after the initial year of operation of an SGO will be reviewed for any answers that should be listed as "NO" in the Summary of Compliance section. Any such "NO" answers will indicate failure to comply with the requirements of the program. Any documentation of extraordinary circumstances attached to the report may be considered by the department in determining whether the failure to comply will be deemed intentional and substantial.

(8) If an SGO's answer to any particular compliance question is, or should be, reported as "NO" for two consecutive annual reports, the SGO will automatically be deemed to have intentionally and substantially failed to comply with the requirements of the program.

(9) Upon a determination that an SGO has intentionally and substantially failed to comply with the requirements of the program, or after September 30th in the case of a missing annual report, the department will notify an SGO of its determination and of its intention to suspend the eligibility of the SGO to participate in the Tax Credit Scholarship Program. Unless appealed, as provided in (10) below, the suspension shall become effective 30 days from the date the notice is mailed to the SGO.

(10) The determination to suspend an SGO from participating in the Tax Credit Scholarship Program may be appealed by the SGO, in the same manner as the denial or revocation of licenses, permits, and certificates of title administered by the department, as provided in Code of Ala. 1975, Section 40-2A-8; within 30 days of the date notice of the department's determination is mailed to the SGO.

(11) An SGO whose participation in the Tax Credit Scholarship Program has been suspended will be removed from the department's website through which donors reserve tax credits for contributions under the program. No tax credits will be allowed for donations made to an SGO during a period of suspension.

(12) An SGO whose participation in the program has been suspended, and whose name has been removed from the department's website through which donors reserve tax credits for contributions must,

nevertheless, account for funds and award scholarships in accordance with the requirements of the program. All annual reports due, regardless of any suspension, must be timely filed.

(13) Upon receipt and review of a timely filed annual report for a year ending during a period of suspension, the department may reinstate the SGO to participation in the program, if the answers to all questions in the Summary of Compliance section of the report are properly reportable as "YES". Tax credits may be allowed for donations made after reinstatement of the SGO.

(14) If the department concludes that any "YES" answer reported in the Summary of Compliance section of an annual report should have been reported as "NO" or if the department concludes that the SGO has failed to comply with the requirements of the program for another reason, the department will allow the SGO an opportunity to contest the department's conclusion, and to provide documentation explaining any extraordinary circumstances causing the failure to comply, before determining that the failure to comply with the requirements of the program will be considered intentional and substantial.
Author: Curtis Stewart, Neal Hearn
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 16-16D-1.
History: **New Rule:** Filed June 30, 2014, effective August 4, 2014. **Amended:** Filed November 30, 2015; effective January 4, 2016.

810-3-61-.08 Percentage Of Low-Income Eligible Students In A County.
Author: Curtis Stewart
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 16-16D-1.
History: **New Rule:** Filed June 30, 2014, effective August 4, 2014. **Repealed:** Filed November 30, 2015; effective January 4, 2016.

810-3-61-.09 Estimated Tax Penalty To Individuals And Corporations Entitled To Claim Certain Credits Against The Amount Of Income Tax Due.

(1) Definitions. The following terms have the meanings ascribed to them for purposes of this rule:

(a) Estimated Tax - The Estimated Income Tax payments required pursuant to §§40-18-80 and 40-18-80.1, Code of Ala. 1975.

(b) Estimated Tax Penalty - The amounts to be added to the tax as a result of the underpayment of Estimated Taxes as prescribed by 26 U.S.C. §§6654 and 6655.

(c) Allowable Credits - The credits against the Income Tax liability of an individual or corporate taxpayer attributable to payments made by the taxpayer, when such payments are required to be reported to the department by the taxpayer at the time of payment and verified to the department by the recipient as required pursuant to §16-6D-9.

(2) Procedure. No Estimated Tax Penalty shall be added (or if added shall be reversed) to the Income Tax liability of an individual or corporate income taxpayer for any quarter when the amount of estimated tax payments made to the department by the quarterly due date as required, plus the amount of allowable credits generated for the quarter equal or exceed the total amount of estimated tax payments otherwise required to be made for the quarter, if the following conditions are satisfied:

(a) The allowable credits do not exceed 50% of the required estimated tax payments otherwise due;

(b) The allowable credits are attributable to payments made no later than the due date of the required estimated tax payments; and

(c) The Scholarship Granting Organization has verified receipt of the payments as required pursuant to §16-6D-9.

Author: Meagan Barrett
Statutory Authority: Code of Ala.1975, §§16-6D-9, 40-2A-7(a)(5), 40-18-80, 40-18-80.1, 26 U.S.C. §§6654 and 6655.
History: **New Rule:** Filed August 31, 2018; effective October 15, 2018.

810-3-61-A **Forms.**

APPENDIX A

FORMS

FORM **SGO** 03/14

ALABAMA DEPARTMENT OF REVENUE
EDUCATIONAL SCHOLARSHIP PROGRAM
Scholarship Granting Organization Annual Report

2013

For the year beginning _____, 2013 and ending December 31, 2013

Section 16-6D-1. *Code of Alabama 1975* provides for Scholarship Granting Organizations (SGOs) to report certain information to the department for the previous calendar year. The Annual Report of Scholarship Granting Organizations (SGO) is due by June 1 of each year. Please complete and submit this form with required attachments, to the Alabama Department of Revenue.

SECTION I – Scholarship Granting Organization (SGO)

SCHOLARSHIP GRANTING ORGANIZATION NAME | FEDERAL TAX ID

MAILING ADDRESS OF ORGANIZATION | CITY | STATE | ZIP CODE

TELEPHONE NUMBER ( ) | EMAIL ADDRESS

SECTION II – Donation Information

TOTAL DONATIONS RECEIVED

1.	Enter the total number of donations received during the year	1	
2.	Enter the total amount of donations received during the year	2	$

SECTION III – Scholarship Information

TOTAL EDUCATIONAL SCHOLARSHIPS AWARDED (ACTUALLY PAID OUT)

1.	Total number of educational scholarships awarded. *Enter amount from attachment 1, line 18.*	1	
2.	Total amount of educational scholarships awarded. *Enter amount from attachment 1, line 19.*	2	$

MAJORITY OF EDUCATIONAL SCHOLARSHIPS AWARDED

3.	Enter the name of the county in which the majority of educational scholarship funds were expended this year	3	
4.	Total amount of scholarship funds awarded in the county listed on line 3	4	$
5.	Percentage of low-income eligible students in the county listed on line 3	5	%
6.	Total amount of scholarship funds awarded to all low-income eligible students	6	$
7.	Percentage of total scholarship funds awarded to all low-income eligible students. *Divide line 6 by line 2.*	7	%

FIRST-TIME RECIPIENTS

8.	Total number of first-time scholarship recipients	8	
9.	Total number of first-time scholarship recipients continuously enrolled in a public school for the entire previous school year	9	
10.	Percentage of first-time scholarship recipients continuously enrolled in a public school for the entire previous school year. *Divide line 9 by line 8 and enter results here.*	10	%
11.	Total number of first-time scholarship recipients continuously enrolled in a private school for the entire previous school year	11	
12.	Percentage of first-time scholarship recipients continuously enrolled in a private school for the entire previous school year. *Divide line 11 by line 8 and enter results here*	12	%
13.	Percentage of first-time scholarship recipients ***not*** continuously enrolled in a private school during the previous school year. *(100% minus line 12)*	13	%

SECTION IV – Reconciliation of Scholarship Funds

1a. Enter the scholarship funds on hand, beginning of report year			1a	$
1b. Enter the amount of commitments for the remainder of school year, beginning of report year	1b	$		
1c. Unaccounted for scholarship funds*, beginning of report year. Subtract line 1b from line 1a	1c	$		
2. Plus: Interest and revenue from investment of scholarship funds			2	$
3. Plus: Scholarship donations received during the year. Enter the amount from Section II, line 2			3	$
4. Less: Actual scholarship grants paid during the year. Enter the amount from Section III, line 2			4	$
5. Less: Allowable non-scholarship expenditures made during the year. **(Cannot be greater than 5% of scholarship funds received during the year.)**			5	$
6a. Scholarship funds on hand, end of report year. Add lines 1a, 2, and 3 and subtract lines 4 and 5			6a	$
6b. Enter the amount of commitments for the remainder of the school year, end of report year	6b	$		
6c. Unaccounted for scholarship funds*, end of report year. Subtract line 6b from line 6a	6c	$		

SECTION V – Summary of Compliance with Eligibility Requirements

1. Was the percentage awarded to low-income eligible recipients ***(Section III, line 7)*** equal to or greater than the percentage of low-income eligible students in the county where the majority of your educational scholarships were expended ***(Section III, line 5)***? ☐ Yes ☑ No
2. Was the percentage of first time recipients not continuously enrolled in a private school during the previous year ***(Section III, line 13)*** equal to or greater than 75%? ☑ Yes ☐ No
3. Was the amount of scholarship funds awarded during the year (***Section III, line 2)*** equal to or greater than the unaccounted for scholarship funds on hand at the beginning of the year ***(Section IV, line 1)***? ☐ Yes ☑ No
4. Was the amount of allowable non-scholarship expenditures ***(Section IV, line 5)*** made during the year less than 5% of scholarship funds received during the year ***(Section II, line 2)***? ☑ Yes ☐ No
5. Is the cumulative amount of allowable non-scholarship expenditures made during the current and all previous years less than 5% of the cumulative amount of all scholarship funds received during the current and all previous years, in which the SGO has operated? ☐ Yes ☑ No

If any of the above are checked "No" then please attach documentation explaining any extraordinary circumstances preventing the requirement from being met.

SECTION VI – Required Attachments

Please include a copy of the following required attachments:

- A financial information report prepared by a certified public accountant.
- A copy of the SGO's required annual federal form 990.
- Has the SGO received any complaints of discrimination? ☑ Yes ☐ No ***If "Yes", please attach a description of the action taken.***

SECTION VII – Signature

UNDER PENALTIES OF PERJURY, I declare that I have examined this report and accompanying schedules and statements, and to the best of my knowledge and belief, they, are, true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

PRINCIPAL OFFICER'S SIGNATURE _____ TITLE _____ DATE _____

PREPARER'S SIGNATURE _____ DATE _____ CHECK IF SELF-EMPLOYED ☐

PREPARER'S PRINTED NAME (MUST BE A CPA) _____

FIRM'S NAME (OR YOURS, IF SELF-EMPLOYED) _____ E.I. NUMBER _____

FIRM'S ADDRESS _____ TELEPHONE NUMBER ( )

EMAIL ADDRESS _____

ALL SECTIONS OF THIS FORM MUST BE COMPLETED TO BE CONSIDERED A PROPERLY FILED RETURN.
Please mail this annual report and all required attachments to Alabama Department of Revenue, ATTN: Education Scholarship Program, P.O. Box 327010, Montgomery, AL 36132-7010

ATTACHMENT 1 — Scholarship Information by Student

5/14

Page _____ of _____

You may use as many forms as necessary but enter summary on page 1.

	A STUDENT NAME	B STUDENT SSN	C NAME OF PUBLIC SCHOOL TO WHICH STUDENT WOULD OTHERWISE ATTEND	D IS THIS STATE'S NOT-FOR-PROFIT SCHOOL? (YES AND "N" FOR NO)	E DATE SCHOLARSHIP WAS AWARDED FOR THIS CURRENT YEAR	F NAME OF THE SCHOOL RECEIVING SCHOLARSHIP FUNDS	G COUNTY WHERE SCHOLARSHIP SCHOOL IS LOCATED	H DATES OF FIRST ACADEMIC YEAR IN WHICH STUDENT WAS AWARDED A SCHOLARSHIP UNDER TAX CREDIT PROGRAM	I FOR FIRST TIME RECIPIENTS ONLY* CHECK IF THE STUDENT WAS CONTINUOUSLY ENROLLED IN A PUBLIC SCHOOL FOR THE ENTIRE PRECEDING SCHOOL YEAR	J CHECK IF THE STUDENT WAS CONTINUOUSLY ENROLLED IN A PUBLIC SCHOOL FOR THE ENTIRE PRECEDING SCHOOL YEAR	K CHECK IF THE STUDENT WAS A FIRST TIME SCHOLARSHIP RECIPIENT FOR THE CURRENT SCHOOL YEAR	L CHECK IF THE STUDENT WAS CONTINUOUSLY ENROLLED IN A PUBLIC SCHOOL FOR THE ENTIRE PRECEDING SCHOOL YEAR	M CHECK IF COLLEGIATE / ANY NOT-FOR-PROFIT STUDENT WAS RECEIVING FOR THIS YEAR	N CHECK IF THE STUDENT RECEIVED FUNDS FOR THE PRECEDING SCHOOL YEAR	O CHECK IF THE STUDENT DOMICILED IN THIS STATE FOR THE PRECEDING TWO SCHOOL YEARS	P AMOUNT OF THE SCHOLARSHIP FUNDS AWARDED TO THE STUDENT DURING THE YEAR
1																
2																
3																
4																
5																
6																
7																
8																
9																
10																
11																
12																
13																
14																
15																
16	Total the number of students for each column that checked I, J, K and L on this page															
17	**a.** Total number of students awarded educational scholarships this page. **b.** Total Amount ($) of Educational Scholarships Awarded for this page														**a.**	**b.**
18	Total line 16, columns I, J, K and L for all pages															
19	**a.** Total line 17a for *all* pages and enter here and on page 1, Section III, line 1. **b.** Total line 17b for all pages and enter here and on page 1, Section III, line 2														**a.**	**b.**

FORM
SGO
INSTRUCTIONS

ALABAMA DEPARTMENT OF REVENUE
INSTRUCTIONS FOR THE PREPARATION OF
Scholarship Granting Organization Annual Report

2013

General Information

Act 2013-64, as amended by Act 2013-265, provides for Scholarship Granting Organizations (SGO) to report certain information in connection with its scholarship grants.

When To File

ORIGINAL DUE DATE. The annual report for calendar year 2013 is due on or before June 1, 2014. If the due date falls on a Saturday, Sunday, or state holiday, the return will be due the following business day.

How To File

REQUIRED ATTACHMENTS. All sections of this form must be completed and all required attachments attached to be considered to be a properly filed return. Act 2013-64, as amended by Act 2013-265 and Rule 810-3-61-.04, require the SGO to attach certain documentation to the annual report. The following are required: 1) A financial report prepared by a certified public accountant, 2) Federal Form 990, Return of Organization Exempt from Income Tax, and 3) A description of the action taken if the SGO has received any complaints of discrimination.

Signature

OFFICER INFORMATION. The return must be signed by the principal officer of the SGO. Enter the date signed and the title of the person whose signature is affixed.

PREPARER INFORMATION. The annual report must be prepared and signed by a certified public accountant. (CPA).

Where To File

Mail this completed form and attachment to: Alabama Department of Revenue, ATTN: Educational Scholarship Program, P.O. Box 327010, Montgomery, AL 36132-7010.

If you have any questions pertaining to the administration of this form or related to the Educational Scholarship Program in general, please contact the Alabama Department of Revenue at (334) 242-1099 or (334) 353-9770. More information on the Accountability Act can be found at http://www.revenue.alabama.gov/accountability/.

Specific Instructions

Section I – Scholarship Granting Organization (SGO) Information

At the top, fill in the blanks indicating the beginning date of the reporting period for the annual report.

Enter the name, federal employer identification number, mailing address, telephone number and email address of the SGO.

Section II – Donation Information

LINE 1. Enter the total number of donations received during the report year. The total number of donations received should match the number of individual donors verified and entered into My Alabama Taxes as required by Rule 810-3-61-.04.

LINE 2. Enter the total amount of donations received during the report year. The total amount of donations received should match the amount received from donors verified and entered for this report year into My Alabama Taxes as required by Rule 810-3-61-.04.

***NOTE:** Attachment 1 – Scholarship Information by Student needs to be completed before beginning Section III.*

Attachment 1 – Scholarship Information by Student

You may use as many copies of the Attachment 1 as necessary but enter the summary information for all the forms on the Attachment 1, Page 1, lines 18 and 19.

COLUMN A. Enter the name of the student that was awarded a scholarship during the report year.

COLUMN B. Enter the social security number (SSN) of the student listed in column A.

COLUMN C. Enter the name of the public school that the student listed in column A would otherwise attend.

COLUMN D. If the school listed in column C was a failing school, enter "Y" for Yes. If the school listed in column C was not a failing school, enter "N" for No.

COLUMN E. Enter the date that the educational scholarship was awarded for the current year.

COLUMN F. Enter the name of the school that received scholarship funds for the student listed in column A. This school must be in Alabama.

COLUMN G. Enter the county where the scholarship school listed in column F is located.

COLUMN H. Enter the dates of the first academic year which the student listed in column A was awarded an educational scholarship under the tax credit program. If the first-time scholarship was given by another SGO, please enter the name of the other SGO.

COLUMN I. Check the box if the student listed in column A was a first-time recipient of an educational scholarship this report year.

***NOTE:** Columns J, K and L are only applicable for a first-time educational scholarship recipient.*

Previous school year is defined under Rule 810-3-61-.01(4) as the normal academic year ending during the calendar year for which the report is submitted. If, however, an educational scholarship is granted for a period beginning other than the fall term of an academic year, the prior school year shall mean the twelve month period immediately preceding the period for which the educational scholarship is granted.

COLUMN J. Check the box if the student listed in column A was continuously enrolled in a public school for the entire previous school year. *If the student attended a private school for a portion of the previous school year or was not of school age, this box should not be checked.*

COLUMN K. Check the box if the student listed in column A was continuously enrolled in a private school for the entire previous school year. *If the student attended a public school for a portion of the previous school year or was not of school age, this box should not be checked.*

COLUMN L. Check the box if columns J and K do not apply. This box should be checked if the student listed in column A was enrolled in a public school as well as a private school for the portion for the previous school year or if the student was less than school age during the prior school year.

COLUMN M. Check the box if income eligibilty documentation was received for the student listed in column A. If no income eligibility

documentation was received, then leave blank. Income eligibility documentation must be received for all educational scholarship recipients in the first year that they receive an educational scholarship. For a low-income eligible student, income eligibility documentation must be received each year.

COLUMN N. Check the box if the student listed in column A is a low-income eligible student for which documentation of family income is maintained as required in Rule 810-3-61-.04. If the student was not a low-income eligible student and/or documentation was not maintained, then leave blank.

Low-income eligible student is defined by Act 2013-64, as amended by Act 2013-265 and by Rule 810-3-61-.04 as a student of a family with income equal to or less than two times the federal poverty level. The SGO must receive and maintain documentation of the amount of the student's family income for the calendar year proceeding the school year in which the educational scholarship is granted for the student to be considered a low-income eligible student. Example: If you are awarding a scholarship for the school year (2013 – 2014), then the income documentation should be based on the calendar year 2012. Any student for whom the family income documentation is not maintained will not be considered a low-income eligible student for purposes of determining the percentage of scholarship grants awarded to low-income eligible students.

COLUMN O. Check the box if the student listed in column A qualified for the federal free or reduced lunch program. If the student did not qualify for the federal free and reduced lunch program, then leave the box blank.

COLUMN P. Enter the amount of the educational scholarship awarded to the student listed in column A during the report year.

LINE 16.

COLUMN I. – Enter the total number of students awarded educational scholarships that checked column I for each page. This line should be completed for each additional page attached.

COLUMN J. – Enter the total number of students awarded educational scholarships that checked column J for each page. This line should be completed for each additional page attached.

COLUMN K. – Enter the total number of students awarded educational scholarships that checked column K for each page. This line should be completed for each additional page attached.

COLUMN L. – Enter the total number of students awarded educational scholarships that checked column L for each page. This line should be completed for each additional page attached.

LINE 17a. Summary – Total Number of Students Awarded Educational Scholarships for Each Page. Enter the total number of students awarded educational scholarships for each page. This line should be completed for each additional page attached.

LINE 17b. Summary – Total Amount of Educational Scholarships Awarded for Each Page. Enter the total amount of educational scholarships awarded for each page. This line should be completed for each additional page attached.

LINES 18 AND 19 SHOULD ONLY BE COMPLETED ON PAGE 1 OF ATTACHMENT 1 – SCHOLARSHIP INFORMATION BY STUDENT.

LINE 18.

COLUMN I. – Enter the total number of students awarded educational scholarships (line 16, column I) for all attached pages. **Do not complete this line on any additional pages.**

COLUMN J. – Enter the total number of students awarded educational scholarships (line 16, column J) for all attached pages. **Do not complete this line on any additional pages.**

COLUMN K. – Enter the total number of students awarded educational scholarships (line 16, column K) for all attached pages. **Do not complete this line on any additional pages.**

COLUMN L. – Enter the total number of students awarded educational scholarships (line 16, column L) for all attached pages. **Do not complete this line on any additional pages.**

LINE 19a. Summary – Total Number of Students Awarded Educational Scholarships for All Pages. Enter the total number of students awarded educational scholarships (line 17a) for all attached pages. Also, enter this amount on page 1, Section III, line 1. **Do not complete this line on any additional pages.**

LINE 19b. Summary – Total Amount of Educational Scholarships Awarded for All Pages. Enter the total amount of educational scholarships awarded (line 17b) for all attached pages. Also, enter this amount on page 1, Section III, line 2. **Do not complete this line on any additional pages.**

Section III – Scholarship Information

TOTAL EDUCATIONAL SCHOLARSHPS AWARDED (ACTUALLY PAID OUT)

LINE 1. Enter the total number of educational scholarships awarded. Enter the amount shown on Attachment 1, page 1, line 19a.

LINE 2. Enter the total amount of educational scholarships awarded. Enter the amount shown on Attachment 1, page 1, line 19b.

MAJORITY OF EDUCATIONAL SCHOLARSHIPS AWARDED

LINE 3. Enter the name of the county in which the majority of educational scholarship funds were expended this report year.

LINE 4. Enter the total number of scholarship funds awarded in the county listed on line 3.

LINE 5. Enter the percentage of low-income eligible students in the county listed on line 3.

Determining the Percentage of Low-Income Eligible Students. The SGO is required by Act 2013-64, as amended by Act 2013-265 and by Rule 810-3-61-.04, to determine the percentage of low-income eligible students in the county where the SGO expends the majority of its scholarship funds. In determining the percentage of low-income eligible students in a county, a SGO may use the percentage of students in the county's school system that qualify for the free or reduced price school lunch program as published and made available by the Alabama Department of Education as of the beginning of the calendar year for which the percentage will be used.

The SGO may choose to make a more accurate determination of the percentage of low-income eligible students in the county by submitting the documentation and calculation with the annual report. This determination is subject to the Department's approval. The department may recalculate the amounts reported on the SGO's annual report based on the percentage of students qualifiying for the free or reduced price lunch program in the county's school system, if the SGO's documentation is determined to be unreasonable or invalid.

LINE 6. Enter the total amount of scholarship funds awarded to all low-income eligible students.

LINE 7. Percentage of total scholarship funds awarded to all low-income eligible students. Divide line 6 by line 2 and enter on line 7.

FIRST-TIME RECIPIENTS

LINE 8. Total number of first-time scholarship recipients. Enter the total number of students from Attachment 1, page 1, line 18, Column I.

LINE 9. Total number of first-time scholarship recipients that were continuously enrolled in a public school for the entire previous school year. Enter the total number of students from the At-

tachment 1, page 1, line 18, Column J.

LINE 10. Percentage of first-time scholarship recipients continuously enrolled in a public school for the entire previous school year. Divide line 9 by line 8.

LINE 11. Total number of first-time scholarship recipients that were continuously enrolled in a private school for the entire previous school year. Enter the total number of students from Attachment 1, page 1, line 18, Column K.

LINE 12. Percentage of first-time scholarship recipients continuously enrolled in a public school for the entire previous school year. Divide line 11 by line 8.

LINE 13. Percentage of first-time scholarship recipients *not* continuously enrolled in a private school for the entire previous school year. Subtract line 12 from 100%. (100% - line 12).

Section IV – Reconciliaton of Scholarship Funds

Unaccounted for scholarship funds is the amount of scholarship funds which have not been paid out, promised or otherwise committed for a particular student.

LINE 1a. Enter the scholarship funds on hand at the beginning of the report year.

LINE 1b. Enter the amount of commitments for the remainder of the school year as of the beginning of the report year. This amount includes scholarship funds which have been promised or otherwise committed for a particular student but have not been paid.

LINE 1c. Unaccounted for scholarship funds at the beginning of the report year. Subtract line 1b from line 1a.

LINE 2. Enter the interest and revenue from investment of scholarship funds received during the report year.

LINE 3. Scholarship donations received during the year. Do not include in this amount any donations received from other sources or non-eligible tax credit donations. Enter the amount from Section II, line 2.

LINE 4. Actual scholarship grants paid during the year. Enter the amount from Section III, line 2.

LINE 5. Enter the amount of allowable non-scholarship expenditures made during the year. **This amount cannot be greater than five percent of the scholarship funds received during the year.**

LINE 6a. Scholarship funds on hand at the end of the report year. Add Section IV, lines 1a, 2 and 3 and subtract lines 4 and 5.

LINE 6b. Enter the amount of commitments for the remainder of the school year as of the end of the report year. This amount includes scholarship funds which have been promised or otherwise committed for a particular student but have not been paid.

LINE 6c. Unaccounted for scholarship funds at the end of the report year. Subtract line 6b from line 6a.

Section V – Summary of Compliance With Eligibility Requirements

Act 2013-64, as amended by Act 2013-265, establishes certain requirements for the operation of SGOs. The Acts also authorize the department to bar an SGO from participating in the Tax Credit Scholarship Program if the department establishes that the SGO has intentionally and substantially failed to comply with the requirements of the program. This section needs to be completed based on the information reported elsewhere in the annual report. Please check "Yes" if the eligibility requirement has been met and check "No" if the requirement has not been met. If "No" is checked for any of these compliance questions, documentation may be attached explaining any extraordinary circumstances preventing the requirement from being met.

LINE 1. Low-Income Eligible Recipients Requirement. Act 2013-64, as amended by Act 2013-265 requires that SGOs spend each year a portion of their expenditures on educational scholarships for low-income eligible students equal to the percentage of low-income eligible students in the county where the scholarship granting organization expends the majority of its educational scholarships. ***The county where the funds were spent is the county where the recipient's school is located, not the county of the student's residence or previous school's location.***

If the percentage awarded to low-income eligible recipients shown on Section III, line 7 is equal to or greater than the percentage of low-income eligible students in the county where the majority of your educational scholarships were expended shown in Section III, line 5, check "Yes". If this requirement has not been met, check "No".

LINE 2. First-time Recipients Continuously Enrolled in a Private School. Act 2013-64, as amended by Act 2013-265, requires that SGOs ensure that at least 75 percent of first-time recipients of educational scholarships were not continuously enrolled in a private school during the previous year.

If the percentage of first-time recipients not continuously enrolled in a private school during the previous year shown on Section III, line 13 is equal to or greater than 75%, check "Yes". If this requirement has not been met, check "No".

LINE 3. Reasonable Effort to Make Scholarship Grants. Act 2013-64, as amended by Act 2013-265, and Rule 810-61-.04 requires that SGOs must make a reasonable effort to make scholarship grants with scholarship funds. The SGO will be deemed to have made reasonable efforts to make scholarship grants if the scholarship grants made during the year are at least equal to the unexpended scholarship funds on hand at the beginning of the year.

If the amount of scholarship funds awarded during the year shown on Section III, line 2 is equal to or greater than the unaccounted for scholarship funds on hand at the beginning of the year as shown on Section IV, line 1, then check "Yes". If this requirement has not been met, check "No".

LINE 4. Amount of Allowable Non-Scholarship Expenditures. Act 2013-64, as amended by Act 2013-265, and Rule 810-61-.04 requires that SGOs ensure that at least 95 percent of their revenue from donations is spent on educational scholarships and that all revenue from interest or investments is spent on educational scholarships.

If the amount of allowable non-scholarship expenditures made during the year shown on Section IV, line 5 is less than 5% of scholarship funds received during the year as shown on Section II, line 2, then check "Yes". If this requirement has not been met, check "No".

LINE 5. Cumulative Amount of Allowable Non-Scholarship Expenditures. Act 2013-64, as amended by Act 2013-265, and Rule 810-61-.04 requires that SGOs ensure that at least 95 percent of their revenue from donations is spent on educational scholarships and that all revenue from interest or investments is spent on educational scholarships. The 5% maximum will be calculated for each calendar year, using the amount of scholarship donations received during the year. Regardless of whether an SGO has used less than the allowable amount of scholarship funds for non-scholarship purposes during any prior year, the SGO may not make non-scholarship expenditures exceeding 5% of scholarship donations in any given year.

If the cumulative amount of allowable non-scholarship expenditures made during the current and all previous years is less than 5% of the cumulative amount of all scholarship funds received during the current and all previous years, then check "Yes". If this requirement has not been met, check "No".

Author:
Statutory Authority:

History: