

1 SB71
2 164906-1
3 By Senator Marsh
4 RFD: Finance and Taxation Education
5 First Read: 03-MAR-15

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8 SYNOPSIS: This bill would clarify and confirm that the
9 intent of the Alabama Accountability Act of 2013 is
10 educational choice and would amend certain
11 definitions and provisions of the Alabama
12 Accountability Act of 2013.

13
14 A BILL
15 TO BE ENTITLED
16 AN ACT
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18 To amend Sections 16-6D-4 and 16-6D-9, Code of
19 Alabama 1975, relating to the Alabama Accountability Act of
20 2013; to clarify and confirm that the intent of the Alabama
21 Accountability Act of 2013 is educational choice; to amend
22 certain current definitions and add new definitions; to amend
23 the reporting period for scholarship granting organizations
24 from a calendar year to an academic year; to clarify and
25 confirm that educational scholarships are provided to eligible
26 students, not to particular schools; to clarify and confirm
27 that once a student has received an educational scholarship

1 under the program, the student remains eligible to receive
2 educational scholarships until high school graduation or the
3 student reaches 19 years of age, but would require scholarship
4 granting organizations to determine income eligibility every
5 other year; to require all participating private schools to be
6 accredited by one of the six regional accrediting agencies,
7 the National Council for Private School Accreditation,
8 Advanced Ed, the American Association of Christian Schools, or
9 one of their partner accrediting agencies, within three years
10 from the date their notice of intent to participate in the
11 scholarship program is filed with the Department of Revenue or
12 the effective date of this Act, whichever is later; to allow
13 certain pass-through entities, such as Subchapter S
14 corporations and limited liability companies, to make
15 contributions to scholarship granting organizations and to
16 allow the credit earned by the entity to pass through to and
17 be claimed by its owners, and to expand the definition of
18 "individual taxpayer" to include the individual owners of
19 these pass-through entities; to clarify and confirm that
20 donors making contributions to scholarship granting
21 organizations cannot earmark their contribution for a
22 particular school or to fund scholarships for a particular
23 student or group of students; to prohibit scholarship granting
24 organizations from making lumpsum, block grants, or other
25 similar payments to otherwise qualifying schools; to remove
26 the current \$7,500 annual limitation on contributions made to
27 scholarship granting organizations by individual taxpayers; to

1 increase the cumulative amount of tax credits available in a
2 calendar year to \$35,000,000; to allow taxpayers to make
3 contributions to scholarship granting organizations before the
4 due date, with extensions, of a timely filed 2014 tax return
5 but reserve tax credits against the remaining balance of the
6 2014 cumulative amount of tax credits available; to clarify
7 and confirm that scholarship granting organizations may use up
8 to five percent of their revenues from donations for
9 administrative or operating expenses in the year of donation
10 or any subsequent year; to amend the deadline for the annual
11 reports required to be filed by scholarship granting
12 organizations with the Department of Revenue and provide for
13 additional quarterly reports to be filed with the Department
14 of Revenue; to require that such reports be made publicly
15 available on the Department of Revenue's website; to change
16 the release date for unaccounted scholarship funds from
17 September 15 to May 15 of each calendar year; to prohibit
18 so-called lock-up agreements between scholarship granting
19 organizations and otherwise qualifying schools that would
20 limit or prevent students who received educational
21 scholarships from other scholarship granting organizations
22 from attending that school; to require scholarship granting
23 organizations to submit annual verification to the Department
24 of Revenue of the policies and procedures used to determine a
25 student's eligibility for an educational scholarship and to
26 clarify and confirm that scholarship granting organizations,
27 not schools, are responsible for determining student

1 eligibility; to require qualifying schools to provide
2 information on financial viability prior to receiving
3 educational scholarship payments; to require participating
4 schools to comply with the Alabama Child Protection Act of
5 1999; and to provide for a limited retroactive effective date.
6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

9 "§16-6D-4.

10 "For the purposes of this chapter, the following
11 terms shall have the following meanings:

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

14 "(2) DEPARTMENT OF REVENUE. The Alabama Department
15 of Revenue.

16 "~~(1)~~ (3) EDUCATIONAL SCHOLARSHIPS. Grants A grant
17 made by a scholarship granting organization to an eligible
18 student to cover all or part of the tuition and mandatory fees
19 for one academic year charged by a qualifying school to an the
20 eligible student receiving a scholarship. The term does not
21 include a lump sum, block grant, or similar payment by a
22 scholarship granting organization to a qualifying school that
23 assigns the responsibility in whole or in part for determining
24 the eligibility of scholarship recipients to the qualifying
25 school or any person or entity other than the scholarship
26 granting organization.

27 "~~(2)~~ (4) ELIGIBLE STUDENT.

1 "a. A student who satisfies all of the following:

2 ~~"a.1.~~ Is a member of a ~~household~~ family whose total
3 annual income the calendar year before he or she receives an
4 educational scholarship under this program does not exceed ~~an~~
5 ~~amount equal to 150 percent of the median household income~~ two
6 times the federal poverty level, as established from time to
7 time by the U.S. Department of Health and Human Services. ~~Once~~
8 ~~a student receives an educational scholarship under this~~
9 ~~program, the student shall remain eligible regardless of~~
10 ~~household income until the student graduates high school or~~
11 ~~reaches 19 years of age.~~

12 ~~"b.2.~~ Was eligible to attend a public school in the
13 preceding semester or is starting school in Alabama for the
14 first time.

15 ~~"c.3.~~ Resides in Alabama while receiving an
16 educational scholarship.

17 "b. Once a student receives an educational
18 scholarship under this program, the student shall remain
19 eligible to receive educational scholarships until the student
20 graduates from high school or reaches 19 years of age. A
21 scholarship granting organization shall determine the
22 eligibility of a student under subparagraph 1. of paragraph a.
23 every other academic year in which a student receives an
24 educational scholarship.

25 ~~"(3)(5)~~ FAILING SCHOOL. A public K-12 school that is
26 one or more of the following:

1 ~~"a. Is labeled as persistently low-performing by the~~
2 ~~State Department of Education, in the then most recent United~~
3 ~~States Department of Education School Improvement Grant~~
4 ~~application.~~

5 **"b.a.** Is designated as a failing school by the State
6 Superintendent of Education.

7 **"c.b.** Does not exclusively serve a special
8 population of students and, until June 1, 2017, has been
9 listed ~~three~~ two or more times during the then-most recent ~~six~~
10 four years in the lowest ~~six~~ 10 percent of public K-12 schools
11 on the state standardized assessment in reading and math ~~or,~~
12 ~~on or after.~~

13 **"c.** Beginning June 1, 2017, a failing school shall
14 mean a school that has, during the then-most recent three
15 years, earned at least one grade of "F" or, during the
16 then-most recent four years, earned at least three grades of
17 "D" on the school grading system developed pursuant to Section
18 16-6C-2. ~~In the event sufficient rules required to implement~~
19 ~~the~~ If the "A" through "F" grading system provided for by
20 Section 16-6C-2 ~~have~~ has not been implemented ~~pursuant to the~~
21 ~~Alabama Administrative Procedure Act in time to provide a~~
22 ~~sufficient record to implement this subdivision by~~ the State
23 Department of Education before June 1, 2017, then a failing
24 school shall ~~be~~ mean a school that has been listed in the
25 lowest 10 percent of public ~~K-12~~ elementary, middle, or high
26 schools in the state standardized assessment in reading and
27 math.

1 "(6) FAMILY. A group of two or more people related
2 by birth, marriage, or adoption, including foster children,
3 who reside together.

4 "~~(4)~~ (7) FLEXIBILITY CONTRACT. A school flexibility
5 contract between the local school system and the State Board
6 of Education wherein a local school system may apply for
7 programmatic flexibility or budgetary flexibility, or both,
8 from state laws, regulations, and policies, including
9 regulations and policies promulgated by the State Board of
10 Education and the State Department of Education.

11 "~~(5)~~ (8) INNOVATION PLAN. The request of a local
12 school system for flexibility and plan for annual
13 accountability measures and five-year targets for all
14 participating schools within the school system.

15 "~~(6)~~ (9) LOCAL BOARD OF EDUCATION. A city or county
16 board of education that exercises management and control of a
17 local school system pursuant to state law.

18 "~~(7)~~ (10) LOCAL SCHOOL SYSTEM. A public agency that
19 establishes and supervises one or more public schools within
20 its geographical limits pursuant to state law.

21 "~~(8) LOW-INCOME ELIGIBLE STUDENT. A student of a~~
22 ~~family with income equal to or less than two times the federal~~
23 ~~poverty level.~~

24 "~~(9)~~ (11) NONPUBLIC SCHOOL. Any nonpublic or private
25 school, including parochial schools, not under the
26 jurisdiction of the State Superintendent of Education and the
27 State Board of Education, providing educational services to

1 children. A nonpublic school ~~is~~ shall be accredited by ~~a state~~
2 ~~recognized accrediting agency that~~ one of the six regional
3 accrediting agencies or the National Council for Private
4 School Accreditation, Advanced Ed, the American Association of
5 Christian Schools, or one of their partner accrediting
6 agencies. A nonpublic school provides education to elementary
7 or secondary, or both, students and has notified the State
8 Department of Revenue of its intention to participate in the
9 scholarship program and comply with the requirements of the
10 scholarship program. A nonpublic school does not include home
11 schooling.

12 ~~"(10)~~ (12) PARENT. The parent or ~~legal~~ guardian of a
13 student, with authority to act on behalf of the student, ~~who~~
14 claims. For purposes of Section 16-6D-8, the parent or
15 guardian shall claim the student as a dependent on his or her
16 Alabama state income tax return.

17 ~~"(11)~~ (13) QUALIFYING SCHOOL. Either a public school
18 outside of the resident school district that is not considered
19 ~~failing under either state or federal standards~~ within the
20 meaning of subdivision (5) or any nonpublic school as defined
21 ~~in this chapter or that satisfies the compulsory attendance~~
22 ~~requirements provided in Section 16-28-7~~ by subdivision (11).
23 A qualified nonpublic school shall be accredited ~~by one of the~~
24 ~~six regional accrediting agencies or, if not so accredited,~~ as
25 required in subdivision (11). A nonpublic school shall have
26 three years from the later of the date the nonpublic school
27 notified the Department of Revenue of its intent to

1 participate in the scholarship program or the effective date
2 of the act amending this subdivision, to obtain the required
3 accreditation and shall thereafter maintain accreditation as
4 required by subdivision (11). A nonpublic school that does not
5 have the required accreditation during the three-year period
6 shall satisfy all of the following conditions:

7 ~~"a. Has been in existence for at least three years.~~

8 ~~"b.a.~~ Has daily attendance of at least 85 percent
9 over a two-year period.

10 ~~"c.b.~~ Has a minimum 180-day school year, or its
11 hourly equivalent.

12 ~~"d.c.~~ Has a day length of at least six and one-half
13 hours.

14 ~~"e.d.~~ Requires all students to take the Stanford
15 Achievement Test, or its equivalent.

16 ~~"f.e.~~ Requires all candidates for graduation to take
17 the American College Test before graduation.

18 ~~"g.f.~~ Requires students in high school in grades
19 nine through 12 to earn a minimum of 24 ~~Carnegie~~ credits
20 before graduating, including 16 credits in core subjects ~~and~~
21 ~~additional requirements in health and physical education, fine~~
22 ~~arts, computer studies, and foreign language, and each awarded~~
23 credit shall consist of a minimum of 140 instructional hours.

24 ~~"h.g.~~ Does not subject special education students to
25 the same testing or curricular requirements as regular
26 education students if it is not required in the individual
27 plan for the student.

1 "i.h. Maintains a current website that describes the
2 school, ~~and~~ the instructional program of the school, and the
3 tuition and mandatory fees charged by the school, updated
4 prior to the beginning of each semester.

5 "j.i. Annually affirms on forms prescribed by the
6 scholarship granting organization and the department its
7 status financially and academically and provide other relative
8 information as required by the scholarship granting
9 organization or as otherwise required in this chapter.

10 "~~(12)~~(14) SCHOLARSHIP GRANTING ORGANIZATION. An
11 organization that provides or is approved to provide
12 educational scholarships to eligible students attending
13 qualifying schools of their parents' choice.

14 "§16-6D-9.

15 "(a) (1) ~~A~~ An individual taxpayer who files a state
16 income tax return and is not claimed as a dependent of another
17 taxpayer, a taxpayer subject to the corporate income tax
18 levied by Chapter 18 of Title 40, an Alabama S corporation as
19 defined in Section 40-18-160, or a Subchapter K entity as
20 defined in Section 40-18-1 may claim a credit for a
21 contribution made to a scholarship granting organization. If
22 the credit is claimed by an Alabama S corporation or
23 Subchapter K entity, the credit shall pass through to and may
24 be claimed by any taxpayer eligible to claim a credit under
25 this subdivision who is a shareholder, partner, or member
26 thereof, based on the taxpayer's pro rata or distributive
27 share, respectively, of the credit. No credit may be claimed

1 for a contribution made to a scholarship granting organization
2 if the contribution is restricted or conditioned in any way by
3 the donor including, but not limited to, requiring the
4 scholarship granting organization to direct all or part of the
5 contribution to a particular qualifying school or to grant an
6 educational scholarship to a particular eligible student.

7 "(2) The tax credit may be claimed by an individual
8 taxpayer or a married couple filing jointly in an amount equal
9 to 100 percent of the total contributions the taxpayer made to
10 a scholarship granting organization for educational
11 scholarships during the taxable year for which the credit is
12 claimed, up to 50 percent of the tax liability of the
13 individual taxpayer, not to exceed seven thousand five hundred
14 dollars (\$7,500) per taxpayer or married couple filing
15 jointly. For purposes of this section, an individual taxpayer
16 includes an individual who is a shareholder of an Alabama S
17 corporation or a partner or member of a Subchapter K entity
18 that made a contribution to a scholarship granting
19 organization.

20 "(3) The tax credit may be claimed by a ~~corporate~~
21 taxpayer subject to the Alabama corporate income tax in an
22 amount equal to 100 percent of the total contributions the
23 taxpayer made to a scholarship granting organization for
24 educational scholarships during the taxable year for which the
25 credit is claimed, up to 50 percent of the tax liability of
26 the taxpayer. The cumulative amount of tax credits issued
27 pursuant to subdivision (2) and this subdivision shall not

1 exceed ~~twenty-five~~ thirty-five million dollars ~~(\$25,000,000)~~
2 (\$35,000,000) annually, based on the calendar year. A taxpayer
3 making one or more otherwise tax-creditable contributions
4 before the due date, with extensions, of a timely filed 2014
5 tax return may elect to treat all or a portion of such
6 contributions as applying to and creditable against its 2014
7 Alabama income tax liability, if the taxpayer properly
8 reserves the credit on the website of the Department of
9 Revenue or another method provided by the Department of
10 Revenue. The amount creditable against the taxpayer's 2014
11 income tax liability shall be limited to the lesser of the
12 amount so designated or the remaining balance, if any, of the
13 cumulative amount of tax credits available for 2014. No such
14 contribution and election by a taxpayer to reserve tax credits
15 against the remaining balance of the cumulative amount of tax
16 credits available for 2014 shall preclude the taxpayer from
17 making additional contributions in 2015 and reserving those
18 amounts against the cumulative amount of tax credits available
19 for 2015. The Department of Revenue shall develop a procedure
20 to ensure that this cap is not exceeded and shall also
21 prescribe the various methods by which these credits are to be
22 issued.

23 " (4) A ~~corporate~~ taxpayer subject to the Alabama
24 corporate income tax, an individual taxpayer, or a married
25 couple filing jointly may carry forward a tax credit under the
26 tax credit scholarship program for up to three taxable years.

1 "(b) (1) Administrative accountability standards. All
2 scholarship granting organizations shall do all of the
3 following:

4 "a. Notify the Department of Revenue of their intent
5 to provide educational scholarships to eligible students.

6 "b. Demonstrate to the Department of Revenue that
7 they have been granted exemption from the federal income tax
8 as an organization described in Section 501(c) (3) of the
9 Internal Revenue Code, as in effect from time to time.

10 "c. Distribute periodic educational scholarship
11 payments as checks made out and mailed to the school where the
12 student is enrolled.

13 "d. Provide a Department of Revenue approved receipt
14 to taxpayers for contributions made to the scholarship
15 granting organization.

16 "e. Ensure that at least 95 percent of their revenue
17 from donations is spent on educational scholarships, and that
18 all revenue from interest or investments is spent on
19 educational scholarships. A scholarship granting organization
20 may expend up to five percent of its revenue from donations on
21 administrative and operating expenses in the calendar year of
22 the donation or in any subsequent calendar year.

23 ~~"f. Spend each year a portion of their expenditures~~
24 ~~on educational scholarships for low-income eligible students~~
25 ~~equal to the percentage of low-income eligible students in the~~
26 ~~county where the scholarship granting organization expends the~~
27 ~~majority of its educational scholarships.~~

1 "g.f. Ensure that at least 75 percent of first-time
2 recipients of educational scholarships were not continuously
3 enrolled in a private school during the previous academic
4 year.

5 "h.g. Cooperate with the Department of Revenue to
6 conduct criminal background checks on all of their employees
7 and board members and exclude from employment or governance
8 any individual who may reasonably pose a risk to the
9 appropriate use of contributed funds.

10 "i.h. Ensure that educational scholarships are
11 portable during the ~~school~~ academic year and can be used at
12 any qualifying school that accepts the eligible student
13 according to the wishes of the parent. If ~~a~~ an eligible
14 student transfers to another qualifying school during ~~a school~~
15 an academic year, the educational scholarship amount may be
16 prorated.

17 "j.i. Publicly report to the Department of Revenue
18 by ~~June~~ September 1 of each year all of the following
19 information prepared by a certified public accountant
20 regarding their ~~grants~~ educational scholarships funded in the
21 previous ~~calendar~~ academic year:

22 "1. The name and address of the scholarship granting
23 organization.

24 "2. The total number and total dollar amount of
25 contributions received during the previous ~~calendar~~ academic
26 year.

1 "3. The total number and total dollar amount of
2 educational scholarships awarded and funded during the
3 previous ~~calendar~~ academic year, the total number and total
4 dollar amount of educational scholarships awarded and funded
5 during the previous academic year for students qualifying for
6 the federal free and reduced-price lunch program, and the
7 percentage of first-time recipients of educational
8 scholarships who were enrolled in a public school during the
9 previous academic year.

10 "j. Publicly report to the Department of Revenue, by
11 the 15th day after the close of each calendar quarter, all of
12 the following:

13 "1. The total number of scholarships awarded and
14 funded during the quarter.

15 "2. The names of the qualifying schools that
16 received funding for educational scholarships during the
17 quarter and the total number of scholarship recipients
18 enrolled in each qualifying school during the quarter.

19 "3. The total number of eligible students zoned to
20 attend a failing school who received educational scholarships
21 from the scholarship granting organization during the quarter.

22 "4. The total number of first time scholarship
23 recipients who were continuously enrolled in a nonpublic
24 school prior to receiving an educational scholarship from that
25 scholarship granting organization during the quarter.

26 " k. Ensure that educational scholarships are not
27 provided for students to attend a school with paid staff or

1 board members, or relatives thereof, in common with the
2 scholarship granting organization.

3 "l. Ensure that educational scholarships are
4 provided in a manner that does not discriminate based on the
5 gender, race, or disability status of the scholarship
6 applicant or his or her parent.

7 "m. Ensure that educational scholarships are
8 provided only to students who ~~would otherwise~~ are zoned to
9 attend a failing school so that the student can attend a
10 nonpublic school or a nonfailing public school. ~~Provided,~~
11 ~~however, that any~~ Any scholarship funds unaccounted for on
12 ~~September~~ May 15th of each calendar year may be made available
13 to ~~low-income~~ eligible students to defray the costs of
14 attending a qualifying school, whether or not the student is
15 ~~assigned~~ zoned to attend a failing school.

16 "n. Ensure that no donations are directly made to
17 benefit specifically designated scholarship recipients or to
18 particular qualifying schools.

19 "o. Submit to the Department of Revenue annual
20 verification of the scholarship granting organization's
21 policies and procedures used to determine scholarship
22 eligibility. The verification shall confirm that the
23 scholarship granting organization, and not one or more
24 qualifying schools accepting educational scholarship
25 recipients, is determining whether scholarship applicants are
26 eligible to receive educational scholarships.

1 "p. Submit to the Department of Revenue an annual
2 verification that none of its actions or policies restricts a
3 parent's educational choice by limiting or prohibiting the
4 enrollment of eligible students in the qualifying school if
5 those eligible students received educational scholarships from
6 other scholarship granting organizations.

7 "(2) Financial accountability standards.

8 "a. All scholarship granting organizations shall
9 demonstrate their financial accountability by doing all of the
10 following:

11 "1. Annually submitting to the Department of Revenue
12 a financial information report for the scholarship granting
13 organization that complies with uniform financial accounting
14 standards established by the Department of Revenue and
15 conducted by a certified public accountant.

16 "2. Having the auditor certify that the report is
17 free of material misstatements.

18 "b. All participating nonpublic schools shall
19 demonstrate financial viability, if they are to receive
20 donations of fifty thousand dollars (\$50,000) or more during
21 the ~~school~~ academic year, by doing either of the following:

22 "1. Filing with the scholarship granting
23 organization ~~before the start of the school~~ prior to receipt
24 of the first educational scholarship payment for that academic
25 year a surety bond payable to the scholarship granting
26 organization in an amount equal to the aggregate amount of

1 contributions expected to be received during the ~~school~~
2 academic year.

3 "2. Filing with the scholarship granting
4 organization ~~before the start of the school~~ prior to receipt
5 of the first educational scholarship payment for that academic
6 year financial information that demonstrates the financial
7 viability of the participating nonpublic school.

8 "(c) (1) Each scholarship granting organization shall
9 annually collect and submit to the Department of Revenue with
10 the annual report required by paragraph i. of subdivision (1)
11 of subsection (b) written verification from participating
12 nonpublic schools that accept its educational scholarship
13 students that those schools do all of the following:

14 "a. Comply with all health and safety laws or codes
15 that otherwise apply to nonpublic schools.

16 "b. Hold a valid occupancy permit if required by the
17 municipality.

18 "c. Certify compliance with nondiscrimination
19 policies set forth in 42 U.S.C. 1981.

20 "d. Conduct criminal background checks on employees
21 and then do all of the following:

22 "1. Exclude from employment any person not permitted
23 by state law to work in a public school.

24 "2. Exclude from employment any person who may
25 reasonably pose a threat to the safety of students.

26 "(2) By August 1 of each year, each participating
27 nonpublic school shall provide to each scholarship granting

1 organization from which it receives educational scholarships
2 annual verification that the participating nonpublic school is
3 in compliance with the Alabama Child Protection Act of 1999,
4 Chapter 22A of this title. Any participating nonpublic school
5 failing to provide such annual verification shall be
6 prohibited from participating in the scholarship program. Each
7 scholarship granting organization shall annually submit to the
8 Department of Revenue with the annual report required by
9 paragraph i. of subdivision (1) of subsection (b) copies of
10 the written verifications it receives from each participating
11 nonpublic school.

12 ~~"(2)~~(3) Academic accountability standards. There
13 shall be sufficient information about the academic impact
14 educational scholarship tax credits have on participating
15 students in order to allow parents and taxpayers to measure
16 the achievements of the tax credit scholarship program, and
17 therefore:

18 "a. Each scholarship granting organization shall
19 ensure that participating schools that accept its educational
20 scholarship students shall do all of the following:

21 "1. Annually administer either the state achievement
22 tests or nationally recognized norm-referenced tests that
23 measure learning gains in math and language arts to all
24 participating students in grades that require testing under
25 the accountability testing laws of the state for public
26 schools.

1 "2. Allow costs of the testing requirements to be
2 covered by the educational scholarships distributed by the
3 scholarship granting organizations.

4 "3. Provide the parents of each student who was
5 tested with a copy of the results of the tests on an annual
6 basis, beginning with the first year of testing.

7 "4. Provide the test results to the Department of
8 Revenue on an annual basis, beginning with the first year of
9 testing.

10 "5. Report student information that allows the state
11 to aggregate data by grade level, gender, family income level,
12 and race.

13 "6. Provide graduation rates of those students
14 benefitting from education scholarships to the Department of
15 Revenue or an organization chosen by the state in a manner
16 consistent with nationally recognized standards.

17 "b. The Department of Revenue or an organization
18 chosen by the Department of Revenue shall do all of the
19 following:

20 "1. Ensure compliance with all student privacy laws.

21 "2. Collect all test results.

22 "3. Provide the test results and associated learning
23 gains to the public via a state website after the third year
24 of test and test-related data collection. The findings shall
25 be aggregated by the grade level, gender, family income level,
26 number of years of participation in the tax credit scholarship
27 program, and race of the student.

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

3 "(2) The Department of Revenue shall provide a
4 standardized format for a receipt to be issued by a
5 scholarship granting organization to a taxpayer to indicate
6 the value of a contribution received. The Department of
7 Revenue shall require a taxpayer to provide a copy of the
8 receipt when claiming the tax credit pursuant to this section.

9 "(3) The Department of Revenue shall provide a
10 standardized format for a scholarship granting organization to
11 report the information required in ~~paragraph~~ paragraphs i. and
12 j. of subdivision (1) of subsection (b).

13 "(4) The Department of Revenue may conduct either a
14 financial review or audit of a scholarship granting
15 organization if possessing evidence of fraud.

16 "(5) The Department of Revenue may bar a scholarship
17 granting organization or a qualifying school from
18 participating in the tax credit scholarship program if the
19 Department of Revenue establishes that the scholarship
20 granting organization or the qualifying school has
21 intentionally and substantially failed to comply with the
22 requirements in subsection (b) or subsection (c).

23 "(6) If the Department of Revenue decides to bar a
24 scholarship granting organization or a qualifying school from
25 the tax credit scholarship program, the Department of Revenue
26 shall notify affected educational scholarship students and
27 their parents of the decision as quickly as possible.

1 "(7) The Department of Revenue shall publish and
2 routinely update, on the website of the department, a list of
3 scholarship granting organizations in the state, by county.

4 "(8) The Department of Revenue shall publish and
5 make publicly available on its website all annual and
6 quarterly reports required to be filed with it by scholarship
7 granting organizations under paragraphs i. and j. of
8 subdivision (1) of subsection (b).

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

11 "(2) All schools participating in the tax credit
12 scholarship program shall comply with all state laws that
13 apply to public schools regarding criminal background checks
14 for employees and exclude from employment any person not
15 permitted by state law to work in a public school.

16 "(3) All nonpublic schools participating in the tax
17 credit scholarship program shall maintain a current website
18 that describes the school, the instructional program of the
19 school, and the tuition and mandatory fees charged by the
20 school, updated prior to the beginning of each semester.

21 "(f) The tax credit provided in this section may be
22 first claimed for the 2013 tax year but may not be claimed for
23 any tax year prior to the 2013 tax year.

24 "(g) (1) Nothing in this section shall be construed
25 to force any public school, school system, or school district
26 or any nonpublic school, school system, or school district to
27 enroll any student. No qualifying school may enter into any

1 agreement, whether oral or written, with a scholarship
2 granting organization that would prohibit or limit an eligible
3 student from enrolling in the school based on the identity of
4 the scholarship granting organization from which the eligible
5 student received an educational scholarship.

6 "(2) A public school, school system, or school
7 district or any nonpublic school, school system, or school
8 district may develop the terms and conditions under which it
9 will allow a student who receives a scholarship from a
10 scholarship granting organization pursuant to this section to
11 be enrolled, but such terms and conditions may not
12 discriminate on the basis of the race, gender, religion,
13 color, disability status, or ethnicity of the student or of
14 the student's parent.

15 "(3) Nothing in this section shall be construed to
16 authorize the violation of or supersede the authority of any
17 court ruling that applies to the public school, school system,
18 or school district, specifically any federal court order
19 related to the desegregation of the local school system's
20 student population.

21 "(h) Nothing in this chapter shall affect or change
22 the athletic eligibility rules of student athletes governed by
23 the Alabama High School Athletic Association or similar
24 association."

25 Section 2. (a) Except as provided in subsection (b),
26 this act shall become effective immediately following its
27 passage and approval by the Governor, or its otherwise

1 becoming law, and shall apply retroactively to tax years or
2 periods beginning on or after January 1, 2015.

3 (b) The amendments to subdivision (4) of Section
4 16-6D-4, regarding the continuing eligibility of a student
5 once he or she receives an educational scholarship, and
6 paragraph e. of subdivision (1) of subsection (b) of Section
7 16-6D-9, regarding the clarification that scholarship granting
8 organizations may use up to five percent of scholarship
9 donations for administrative and operating expenses, shall be
10 retroactively effective to and as of March 14, 2013, the
11 effective date of the Alabama Accountability Act of 2013.