

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 the 12-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 and Neal Hearn
Authority: Sections 40-2A-7(a)(5) and 16-6D-1, Code of Alabama 1975
History: New rule: Filed August 23, 2013, effective September 27, 2013.
Amended: Filed November 30, 2015, effective January 4, 2016.