

**Alabama Accountability Act of 2013  
Section 8 Refundable Tax Credits**

**Parents of Private School Students Not Eligible**

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**THE ALABAMA ACCOUNTABILITY ACT (AAA) ASSISTS PARENTS OF PUBLIC SCHOOL STUDENTS WHEN THEIR SCHOOLS ARE DESIGNATED AS FAILING UNDER THE AAA BY PROVIDING REFUNDABLE INCOME TAX CREDITS TO OFFSET COSTS INCURRED BY THOSE PARENTS WHO CHOOSE TO TRANSFER THE STUDENTS TO CERTAIN OTHER NON-FAILING SCHOOLS.**

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**PARENTS OF PRIVATE SCHOOL STUDENTS, INCLUDING THOSE WHO LIVE IN AN AREA ZONED FOR A PUBLIC SCHOOL DESIGNATED AS FAILING, DO NOT QUALIFY FOR THE CREDIT.**

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**Why conclude that parents of private school students are not eligible for the AAA Section 8 parent credit?**

***Because the language of the AAA, when read in its entirety, clearly supports concluding that parents of current private school students are not eligible for the credit.***

- **The language of the AAA provides that the purpose of the Section 8 credit is to assist parents of students in failing public schools.**
  - The purpose of the Section 8 credit is to provide assistance to “*students in failing schools.*” Page 8 Line 12 of Act 2013-265.
  - The “*parent of a public school student*” may claim the credit. Page 11 Line 11 of Act 2013-265.
- **The language of the AAA provides that the purpose of the Section 8 credit is to offset the cost of transferring students out of failing public schools:**
  - Section 3 of the AAA states that it’s the Legislature’s intent for the Section 8 credit “*to provide financial assistance ...to a parent who transfers a student from a failing public school to a nonfailing public school or nonpublic school.*” Act 2013-64 Section 3(b)(4).
  - Section 8 of the AAA uses the word “*transfer*” eight times in referring to the circumstances through which parents will become eligible for the credit. Page 8 line 12 of Act 2013-265 through page 16 line 12.
  - The language of the AAA provides that the credit is available to parents who receive notice that their child’s public school has been designated as “failing,” and then transfer their child to another school.
    - ∕ Section 8(a)(2) provides that in order to claim the credit parents must document that “*the student was enrolled in or was assigned to attend a failing school and that the student was subsequently transferred to*” another school. Page 10 line 11 of Act 2013-265.
    - ∕ Section 8(a)(2) provides that “*For the purposes of continuity of educational choice, the tax credit shall be available to parents for those grade levels of the failing school from which the student transferred.*”

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**Private Schools Must Participate in the Section 9 Scholarship Program to be Eligible to participate in the Section 8 Parent Credit**

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PARENTS WHO TRANSFER THEIR CHILDREN FROM A FAILING SCHOOL TO A PRIVATE SCHOOL THAT DOES NOT PARTICIPATE IN THE SECTION 9 SCHOLARSHIP PROGRAM WILL NOT BE ELIGIBLE TO CLAIM THE SECTION 8 PARENT CREDIT BECAUSE ONLY PRIVATE SCHOOLS PARTICIPATING IN THE SECTION 9 SCHOLARSHIP PROGRAM CAN SATISFY THE AAA DEFINITION OF A “NONPUBLIC SCHOOL.”

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***The AAA Section 8 parent credit is provided to parents who transfer their children from a failing school to certain other public schools or to what the AAA defines as a “nonpublic school.”***

- Section 8 of the AAA, which establishes the parent tax credit program, uses only the term “nonpublic school” for purposes of describing student transfers that will make parents eligible for the credit. Page 8 line 12 of Act 2013-265 through page 16 line 12.
  
- Section 4(11) of the AAA limits the definition of “nonpublic school” to include only a private school that notifies the Department of Revenue of its “*intention to participate in the scholarship program and comply with the requirements of the scholarship program.*” Page 4 line 21 of Act 2013-265.
  
- Section 4(11) of the AAA also limits the definition of the term “nonpublic school” to include only private schools that are accredited by a state recognized accrediting agency. Page 4 line 18 of Act 2013-265.

To be eligible for the Section 8 parent tax credit, parents have to transfer their child to a school that meets the definition of the term “nonpublic school” which will only include private schools participating in the Section 9 scholarship program.