



Erika Donalds, Chair of Education Opportunity

December 26, 2025

Mr. Kenneth Kies  
Assistant Secretary for Tax Policy  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

**VIA ELECTRONIC SUBMISSION**

**RE:** IRS-2025-0466: Request for Comments on Individual Tax Credit for Qualified Contributions to Scholarship Granting Organizations [**Notice 2025-70**]

America First Policy Institute (AFPI) appreciates the opportunity to respond to the IRS and Treasury's request for comments on the individual tax credit for qualified contributions to scholarship granting organizations (SGOs). We are excited to support the first-ever federal scholarship tax credit, a transformative initiative that will expand educational freedom nationwide. Before addressing the specific questions raised in Notice 2025-70, we identify the following essential principles, which we believe are necessary to support the successful implementation of the tax credit in a manner faithful to congressional intent.

1. Any SGO that meets the requirements of § 25(c)5 and wishes to receive qualified contributions should be included on a state's list. Governors and states should not be permitted to exclude SGOs that meet the law's requirements.
2. Generally speaking, SGOs should be regulated by, and accountable to, the IRS and Treasury rather than agencies in covered states. The appropriate role for states is simply to compile a list of eligible SGOs. Some of our specific responses to questions in Notice 2025-70, below, reflect this principle.
3. All K-12 students *eligible* to enroll in a public elementary or secondary school should be eligible to receive scholarships from SGOs, provided that the student's family income does not exceed 300 percent of the area median gross income in the calendar year prior to the date of initial application for a scholarship. Students in public charter schools, homeschools, microschools, hybrid learning environments, and other alternative educational models should therefore be eligible for scholarships. The reference in § 25(c)(4) to § 530 should not be construed to inform or limit student eligibility for scholarships.

4. A student who qualifies for a scholarship based on his or her family income not exceeding 300 percent of the area median gross income in the calendar year before the date of initial application should remain eligible for scholarships in subsequent years, regardless of future increases in family income, until the student graduates from high school. Because scholarships are funded by voluntary private contributions rather than direct federal outlays, Treasury should prioritize continuous student eligibility rather than requiring SGOs to annually recertify family income levels.
5. Scholarship funds should be used to supplement and expand educational opportunities, not to supplant existing public funding or services already provided through public appropriations. Therefore, a public school should not receive scholarship funding from any student to provide any service, program, or activity for which it already receives public funds.
6. Nothing in these rules should permit, allow, encourage, or authorize any state or federal entity to mandate, direct, or control any aspect of any private or religious elementary or secondary education provider. Similarly, nothing in these rules should impose new requirements or regulations on existing nonpublic schools, home-based schools, or other nonpublic education providers.
7. SGOs should have discretion to award scholarships to students receiving educational services from specific providers or attending specific schools, provided that SGOs provide scholarships to at least 2 schools and 10 students as required in § 25(d)(1)(a).
8. SGOs should be permitted to award scholarships to students who either reside in a covered state where the SGO is located or attend school in a covered state where the SGO is located. Therefore, a student who resides in a covered state should be permitted to use a scholarship to pay for qualified elementary or secondary school expenses in a non-covered state, so long as the SGO operates in the covered state where the student resides. And, a student who resides in a non-covered state should be permitted to use a scholarship to pay for qualified elementary or secondary school expenses in a covered state, so long as the SGO operates in the covered state where the student pays for qualified expenses.
9. Nothing in these rules should require a student to be enrolled in or evaluated by a public school to qualify for the use of scholarship funds on special education services.
10. A married couple filing jointly should be allowed a combined credit up to \$3400 against federal income tax for qualified contributions made during the taxable year. A plain reading of the statutory text suggests that Congress intended the credit to be available to individuals, which should allow couples who are married filing jointly to claim a credit worth twice the \$1700 limit.

Below, we reproduce many of the IRS/Treasury requests in *italics* and provide feedback in **bold**.

## Section 3.02

*Section 25F(g) provides that a State that voluntarily elects to participate under § 25F must provide to the Secretary a list of the SGOs that meet the requirements described in § 25F(c)(5) and are located in the State. Thus, the election by a State to participate under § 25F (State election) may be made prior to or contemporaneously with the submission of the State’s list of those organizations.*

*The Treasury Department and the IRS anticipate that the forthcoming proposed regulations would require each State electing to participate under § 25F for the 2027 calendar year to submit to the IRS, by a specified date before January 1, 2027, the State’s list of organizations located in that State meeting the requirements of § 25F(c)(5) for the 2027 calendar year along with the State’s certification under § 25F(g)(2). The forthcoming proposed regulations would include a similar requirement for submission of an annual list and certification from each electing State for subsequent years.*

*However, the Treasury Department and the IRS understand that potential SGOs may need sufficient time to prepare for the commencement of this new credit in 2027 and assurance that the State in which they are located will elect to participate under § 25F. Accordingly, the Treasury Department and the IRS intend to issue future published guidance providing States with the option to submit, beginning early in 2026, the State election to participate under § 25F for calendar year 2027.*

*The Treasury Department and the IRS anticipate that the forthcoming proposed regulations would require the State to electronically submit the State election, the State list and certification to the IRS, as an electronic submission is more efficient and timelier than paper submissions.*

**AFPI recommends that Treasury invites states to submit multiple SGO lists each year, particularly in 2026. If a state submits multiple lists in a year, the final list submitted should be deemed the official list for that year. The previous year’s list should also be deemed by Treasury to be automatically resubmitted for the following year unless the state provides a new list. We hope that all 50 states and Washington, D.C., will elect to participate shortly after January 1, 2026. But we expect that some states, for whatever reason, may not elect to participate until 2027. Notably, § 25F(g)(1)(A) provides that in 2027, a state’s list may be submitted “as early as practicable,” and not necessarily by January 1. Accordingly, for the 2027 tax year only, Treasury should explicitly allow states to submit a list until September 30, 2027. For the 2028 tax year and subsequent years, a state’s list should be submitted by January 1.**

### Section 3.03

*The Treasury Department and the IRS interpret § 25F(g) as requiring each covered State to verify that each organization on the State's list satisfies all of the requirements of § 25F(c)(5). The Treasury Department and the IRS also understand that organizations seeking to satisfy the requirements to be an SGO for purposes of § 25F may be structured and/or operated in different ways. Specifically, some organizations may operate entirely within a single State, and some may raise funds and award scholarships to eligible students in a region consisting of multiple States. The forthcoming proposed regulations would require covered States to verify information about each of these types of organizations that qualify as an SGO. Reliance by a covered State on self-certifications by SGOs would not be sufficient for this purpose. The Treasury Department and the IRS anticipate that the annual certification of the State's list that would be required of each covered State would include certification by the individual who, or an authorized representative of the agency or entity that, has authority to perform this function on behalf of the State, under penalties of perjury, of at least the following information:*

- 1. Identification and contact information: The name, IRS employer identification number (EIN), address, and telephone number of each organization on the State list; the name, title and contact information of the covered State's point of contact for this credit; and the identification of each organization as a State or multistate organization.*
- 2. Federal tax-exempt status: That each organization on the State list is currently described in § 501(c)(3) and exempt from tax pursuant to § 501(a), and is not a private foundation, as defined in § 509.*
- 3. No co-mingling: That each organization on the State list maintains one or more separate accounts exclusively for qualified contributions, as that term is defined in § 25F(c)(3), to prevent the co-mingling of qualified contributions with other amounts.*
- 4. Information regarding single-State organizations: If the organization is located solely in one State (single-State organization), then, in accordance with § 25F and any regulations thereunder, certification that the single-State organization:*
  - a) Provides scholarships to ten (10) or more students in that State who do not all attend the same school;*
  - b) Spends not less than ninety (90) percent of its income on scholarships for eligible students, as that term is defined in § 25F(c)(2);*
  - c) Does not provide scholarships for any expenses other than qualified elementary or secondary education expenses, as that term is defined in § 25F(c)(4);*
  - d) Selects students receiving scholarships only from among eligible students who reside in that State, and only from among eligible students who are members of a household for which the income does not exceed the amount established under §*

- 25F(c)(2)(A), and by giving priority first to those who received a scholarship from the organization for the previous school year, and then those who have a sibling who received a scholarship from the organization for the previous school year;*
- e) Does not earmark or set aside contributions for scholarships on behalf of any particular student; and*
  - f) Does not award a scholarship to any disqualified person, as defined for purposes of § 25F(d)(2).*
5. *Information regarding multistate organizations:* *If the organization is not solely located in one State and grants scholarships in more than one State (multistate organization), then certification that the multistate organization:*
- a) Funds scholarships to eligible students in the State providing the certification;*
  - b) Requires donors to designate the State, on whose State list the organization is named, in which their qualified contribution is to be used;*
  - c) Tracks and matches qualifying contributions that are designated by the donor to be spent within the State with scholarships to eligible students within the State; and*
  - d) Satisfies each of the requirements for single-State organizations in the State, as set forth in section 3.03(4) of this notice.*
6. *State policies and procedures:* *That the State has adopted, and is complying with, policies and procedures designed to enable the State to make its own independent determination that each organization on the State list is required by the organization's organizational documents or bylaws to satisfy, and is operating in a manner that satisfies, each of the requirements of § 25F(c)(5), as provided in section 2.03 of this Notice. With respect to a State's independent determination that an organization is described in § 501(c)(3) and exempt from tax under § 501(a), and is not a private foundation, policies and procedures that include, for example, consideration of whether the organization is identified as an exempt organization with 501(c)(3) status (and not a private foundation) in the EO BMF Extract available on irs.gov (<https://www.irs.gov/charities-non-profits/exempt-organizations-business-master-fileextract-eo-bmf>) would be sufficient for purposes of § 25F(c)(5)(A).*
7. *Notification to the IRS of removal from State list:* *That the State will promptly notify the IRS of any determination by the State that an organization listed on its State list is being removed from its State list and the effective date of removal.*
8. *Applicable State tax credits:* *If applicable, that, for the calendar year for which the State list is submitted to the IRS, the State offers a tax credit for qualified contributions pursuant to State law, and a description of that credit including relevant State statutes, regulations, and other authoritative guidance.*

9. *Authority to act on behalf of State:* That the individual, agency, or entity submitting the election, the list, and these certifications on behalf of the State has the authority to perform this function.

**Section 3.03 in Notice 2025-70 would require every covered state to construct a regulatory apparatus to annually inspect whether SGOs are meeting all aspects of § 25F(c)(5). Such a requirement would be onerous from a practical perspective, since many states have never operated scholarship tax credits and lack the existing infrastructure to immediately perform these functions. AFPI believes this creates an unnecessary burden that conflicts with statutory intent.**

**The language in § 25F(g) does not require covered states to certify that each SGO on the state’s list satisfies all the requirements of § 25F(c)(5), nor does it deputize states with enforcement of federal tax law. The only time “certification” is mentioned in the statute is in § 25F(g)(2), which simply refers to a certification that the individual, agency, or entity submitting the list indeed has authority to submit the list. The statute does *not* instruct this individual, agency, or entity to also certify the information described in Section 3.03, ##1-8. Nor could it. To hold a governor guilty of perjury for certifying information over which he or she does not have personal knowledge, as Section 3.03 proposes to do, would be to violate his or her most basic Due Process rights. Only the SGOs have personal knowledge sufficient to certify the information contained in Section 3.03, ##1-8, and only they should be held responsible for doing so.**

**Because SGOs are already subject to IRS oversight under their 501(c)(3) status—and the IRS already has enforcement mechanisms to investigate organizations that violate tax-exempt status requirements—AFPI recommends that SGOs provide signed assurances that they are complying with § 25F(c)(5). Rather than requiring states to “develop policies and procedures...to make [their] own independent determination that each organization on the State list...satisfies each of the requirements of § 25F(c)(5),” forthcoming rules should specify that the IRS and/or Treasury may investigate SGOs if presented with credible evidence that an SGO is not following the requirements of § 25F(c)(5).**

**The IRS should create a supplemental schedule for Form 990 that is specifically intended for SGOs participating in the § 25F tax credit. The schedule should have checkboxes that cover all required elements of § 25F(c)(5) described in Section 3.03. SGO officials would be subject to penalties of perjury for false assurances on this supplemental Form 990. Under this approach, states submit their lists to the federal government but are not required to annually verify or certify compliance by every SGO.**



#### Section 3.04

*Section 25F(g) requires that a State that voluntarily elects to participate under § 25F must provide to the Secretary a list of the SGOs “that meet the requirements” described in § 25F(c)(5) and are located in the State. The Treasury Department and the IRS anticipate that States will be required to have implemented, and to comply with, various procedures to verify that the required information submitted by the covered State is accurate and complete.*

- 1. What types of uniform policies, procedures, recordkeeping or other requirements would be reasonable to help ensure that a State will be able to reliably verify that each scholarship granting organization (SGO) meets each of the following requirements in 25F(c)(5):*

**AFPI strongly recommends that Treasury guidance does not require states to certify that SGOs are following each requirement of § 25F(c)(5). See our response to Section 3.03 above.**

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#### Section 3.05

*Section 25F(g)(1)(A) requires the State list to identify the SGOs are “located in the State.”*

- 1. How should “located” be defined for this purpose? Should organizations that are authorized to operate in the State be considered located in the State?*

**For the purposes of § 25(g)(1)(A), AFPI recommends that an SGO should be deemed “located in the state” if it is registered to do business in that state. Treasury should not require that SGOs maintain a physical establishment, presence, or headquarters within the state to satisfy the condition of being “located in the state.”**

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#### Section 4.01

*Section 25F(d)(1)(B) requires an SGO to spend “not less than 90 percent of the income of the organization on scholarships for eligible students.” The Treasury Department and the IRS anticipate that the forthcoming proposed regulations would provide that the income of the*

*organization includes all income of the organization, including unrelated business income, and is not limited to qualified contributions segregated in the separate account(s) described in § 25F(c)(5)(B).*

- 1. Does this interpretation of income pose practical challenges for SGOs? If so, what alternative interpretation would be allowed under the statute, and why would any alternative interpretation be a superior reading of the statute?*

**AFPI believes this interpretation would pose substantial challenges for SGOs that may receive income unrelated to federal tax credit-eligible qualified contributions, and it would be particularly challenging for nonprofits that carry out multiple functions beyond their activities as an SGO. We suspect that many of the longest operating, most successful SGOs will be unable to administer scholarships if Treasury regulations provide that the “income” of SGOs is defined as all income of the organization. We recommend that Treasury instead interpret “income” more narrowly, referring only to revenue from federal tax-credit eligible qualified contributions. Under this interpretation, SGOs would be required to spend at least 90 percent of their qualified contributions on scholarships for eligible students.**

- 2. Should forthcoming proposed regulations address potential fluctuations in income and expenses, such as potential start-up costs to the organization in its first year of operation or the smoothing of this calculation over a certain number of years?*

**AFPI recommends that Treasury regulations smooth the 90 percent calculation over a multi-year rolling average to account for fluctuations in income and expenses. Providing this flexibility will help mitigate one of the biggest financial challenges for start-up SGOs, which is the administrative cost of forming a new entity and raising awareness about the tax-credit eligible donors. The relatively low \$1,700 tax credit-eligible donation limit is likely to increase the administrative burden on SGOs, relative to their experience receiving tax-credit eligible gifts in states that allow corporate donations and have much higher donation limits. For example:**

- Arizona’s Low-Income Corporate Income Tax Credit<sup>1</sup> and Lexie’s Law for Disabled and Displaced Students Tax Credit<sup>2</sup> allow corporate donors to claim a tax credit equal to the full amount of their contribution.**

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<sup>1</sup> Ariz. Rev. Stat. § 43-1183 (n.d.). Arizona State Legislature. Retrieved December 16, 2025 from <https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/43/01183.htm>

<sup>2</sup> Ariz. Rev. Stat. 43-1184 (n.d.). Arizona State Legislature. Retrieved December 16, 2025 from <https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/43/01184.htm>



- **Pennsylvania’s Educational Improvement Tax Credit and Opportunity Scholarship Tax Credit programs allow corporate donors to claim up to a \$750,000 tax credit.<sup>3</sup>**
- **South Dakota’s Partners in Education Tax Credit Program allows corporate donors to claim a tax credit equal to the full amount of their contribution.<sup>4</sup>**

**Accordingly, many existing SGOs have historically raised larger sums of money from a relatively smaller universe of donors. We expect a larger administrative burden on SGOs raising federal tax credit-eligible donations in \$1,700 increments, so we recommend smoothing the 90 percent requirement over at least three years.**

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#### Section 4.02

*The Treasury Department and the IRS are aware that organizations may fundraise and award scholarships in more than one State (see section 3.03(5) of this notice). However, § 25F(c)(3) requires that a qualifying contribution must be used to fund scholarships for eligible students “solely within the State in which the organization is listed.”*

- 1. The Treasury Department and the IRS anticipate that the forthcoming proposed regulations would require a multistate organization to ask donors to designate the State in which the donor intends the qualified contribution to be used. If a donor does not designate a particular State, what rules should apply?*

**AFPI recommends that SGOs create a simple electronic form for donors to indicate the state in which the qualified contribution should be used. Treasury should direct SGOs to adopt a policy outlining how it will allocate donor funds in the rare instances they are not earmarked for a particular state. If a donor to a multistate organization resides in a covered state but does not designate a state to which the award should be made, it would be reasonable for the SGO to award scholarships to the same covered state. But SGO policy should dictate the rules that apply. Treasury should ensure that any allocation rules preserve maximum flexibility for SGOs to use scholarship funds to serve eligible students in states where demand is greatest.**

#### Section 4.05

- 1. Pursuant to the authority provided by § 25F(h), the Treasury Department and the IRS anticipate issuing guidance that would require organizations seeking to satisfy the*

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<sup>3</sup> 24 Pa. Stat. §§ 20-2001-B through 2013-B (n.d.). Pennsylvania State Legislature. Retrieved December 16, 2025 from [https://www.legis.state.pa.us/WU01/LI/CSM/2021/0/35044\\_27316.pdf](https://www.legis.state.pa.us/WU01/LI/CSM/2021/0/35044_27316.pdf)

<sup>4</sup> S.D. Codified Laws §§ 13-65-1 through 12 (n.d.). South Dakota State Legislature. Retrieved December 16, 2025 from <https://sdlegislature.gov/Statutes/13-65>

*requirements to be an SGO to report certain information to the IRS and to retain certain records to ensure that the requirements of § 25F are met. This required reporting and recordkeeping may include the following information:*

- a. Information on an IRS form or schedule pertaining to § 25F to be filed annually by the organization with the IRS;*
  - b. Information on each qualified contribution received by the organization, including the donor's taxpayer identification number, to facilitate comparison with the donor's Federal tax credit claimed; and*
  - c. Information on each scholarship recipient awarded a scholarship by the organization, to ensure that each recipient meets the requirements of § 25F.*
- 2. These reporting requirements would apply to charitable organizations seeking to satisfy the requirements to be an SGO that may not normally be required under § 6033 to file an annual return with the IRS. These reporting requirements also would apply to subordinate organizations recognized as tax-exempt under § 501(c)(3) on the basis of a group exemption letter issued to a central organization.*
  - a. How should reporting and recordkeeping requirements be designed to balance the IRS's need for information for Federal income tax administration purposes with the burden imposed on the reporting organizations?*

**AFPI recommends that IRS reporting requirements minimize burdens on SGOs while providing necessary oversight to ensure the requirements of § 25F are met. As described in our response to Section 3.03 above, we recommend an additional schedule or form filed with the annual Form 990 that solicits information explicitly described in the statute—particularly the requirements in § 25F(c)(5). This approach should fully satisfy the statutory aims of SGO transparency and accountability, without conscripting or imposing regulatory oversight on state governments.**

- b. Is there any current reporting by such organizations of such information to States, and, if so, what is reported and what form does the reporting take?*

**States may require SGOs to submit an annual report. In Arizona, SGO annual reports include an audit of the total number of donors and amount of contributions received for scholarships, a list of the schools to which the scholarships were paid, the number and dollar amount of scholarships that were allocated to each school, and the number and dollar amount of tax refunds received that year from scholarships awarded.<sup>5</sup> Oklahoma's Equal Opportunity Education Scholarship program requires SGOs to provide annual**

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<sup>5</sup> Office of Economic Research & Analysis (2023, July 6). MANUAL FOR SCHOOL TUITION ORGANIZATIONS. Arizona Department of Revenue. [https://azdor.gov/sites/default/files/2023-03/REPORTS\\_2022\\_schooltuitionorganizationmanual.pdf](https://azdor.gov/sites/default/files/2023-03/REPORTS_2022_schooltuitionorganizationmanual.pdf)

verification that they are compliant with the program’s guidelines, along with the number of scholarships awarded and donations received.<sup>6</sup>

**It is appropriate that states offering state-level tax credits require SGO reporting to state-level authorities. However, AFPI recommends SGOs receiving qualified contributions that are eligible for a *federal* tax credit under § 25F should provide assurances and statutorily required data to federal agencies only, such as the IRS.**

3. *Section 25F(c)(2)(A) defines an “eligible student” as an individual who is a member of a household with an income that, for the calendar year prior to the date of the application for a scholarship, is not greater than 300 percent of the area median gross income (as such term is used in § 42). How should an SGO verify this information? For example, should the SGO require the eligible student to provide a copy of the most recently filed Federal income tax return (Form 1040, U.S. Individual Income Tax Return) that was filed for each member of the household with a Federal tax return filing requirement? Should additional information be required? If any member of the household of the eligible student did not have a Federal return filing requirement, how should the SGO verify such household member’s income?*

**SGOs must verify the annual household income of students who apply for scholarships to ensure students meet the eligibility criteria. Verification should be based on reliable documentation, such as federal income tax returns, but Treasury rules should not dictate specific documentation for SGOs to use. Many states with existing income-limited tax credit scholarship programs require SGOs to verify family income without mandating specifically *how* the information is verified. Because income-verification technology is rapidly evolving, Treasury should allow SGOs to take advantage of new, reliable methods for verifying household income without necessitating changes to Treasury rules.**

**For example, Pennsylvania requires income verification for both its tax credit scholarship programs, the Educational Improvement Tax Credit and Opportunity Scholarship Tax Credit. Pennsylvania identifies federal or state income tax returns as potentially valid forms of documentation but does not mandate that they are used by SGOs:**

***“Each scholarship organization, pre-kindergarten scholarship organization and opportunity scholarship organization shall provide for an application and review***

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<sup>6</sup>Okla. Stat. tit. 68 § 2357.206 (n.d.). Oklahoma State Courts Network. Retrieved December 16, 2025 from <https://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=463918>

*process for scholarship applicants that includes a means of verification of household income, which may include submission of the household members' most recently available Federal or State tax returns, if required to be filed by the household members.”<sup>7</sup>*

Children’s Scholarship Fund of Pennsylvania, a large SGO, allows families to submit Social Security income/disability income statements or TANF forms that reflect the household’s income for the calendar year preceding the date of initial application.<sup>8</sup>

Similarly, Alabama requires that SGOs verify the income of scholarship recipients but does not specify how this must be done—just that they cannot delegate this responsibility to schools or any other entity:

*“All scholarship granting organizations shall...Ensure that all determinations with respect to the eligibility of a student to receive an educational scholarship shall be made by the scholarship granting organization. A scholarship granting organization shall not delegate any responsibility for determining the eligibility of a student for an educational scholarship or any other requirements it is subject to under this chapter to any qualifying school or an entity affiliated therewith.”<sup>9</sup>*

One of Alabama’s larger SGOs, the Alabama Opportunity Scholarship Fund, requires Alabama State Income Tax Returns of every member of the household over the age of 18 or Federal 1040 or 1099 forms if Alabama State Income Tax Returns have not yet been filed. The organization also accepts a signed Statement of No Wages from any member of the household who has no taxable income.<sup>10</sup>

4. *Section 25F(c)(5)(B) prohibits an SGO from co-mingling qualified contributions with other amounts and requires that it maintain one or more separate accounts exclusively for qualified contributions.*

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<sup>7</sup> 24 Pa. Stat. §§ 20-2001-B through 2013-B (n.d.). Pennsylvania State Legislature. Retrieved December 16, 2025 from [https://www.legis.state.pa.us/WU01/LI/CSM/2021/0/35044\\_27316.pdf](https://www.legis.state.pa.us/WU01/LI/CSM/2021/0/35044_27316.pdf)

<sup>8</sup> Children’s Scholarship Fund of Pennsylvania (n.d.). *Application Instructions*. The Children's Scholarship Fund of Pennsylvania. Retrieved December 12, 2025 from <https://csfofpa.org/apply>

<sup>9</sup> AL Code § 16-6D-9 (n.d.). Alabama Legislature. Retrieved December 16, 2025 from <https://alison.legislature.state.al.us/code-of-alabama?section=16-6D-9>

<sup>10</sup> Alabama Opportunity Scholarship Fund (n.d.). *About the General Scholarship*. Alabama Opportunity Scholarship Fund. Retrieved December 16, 2025 from <https://www.alabamascholarshipfund.org/general-scholarship8ee74ad>

- a. *At the time of a donation, what kind of information would allow the SGO to determine that the cash is intended to be a qualified contribution entitling the donor to a credit under § 25F that thus needs to be segregated?*

**It is reasonable to expect most donations to SGOs will be submitted online; therefore, AFPI recommends SGOs provide a required designation (e.g., “tax credit donation” box) on the donation submission form to indicate whether a donation is intended to provide scholarships for eligible students.**

- b. *Should the donor be required to provide this information to the SGO in order to take the § 25F credit?*

**AFPI recommends that the donor signal his or her intent to make a qualified contribution, entitling the donor to a credit.**

- c. *Should the SGO be required to provide the donor with written substantiation in order for the donor to take the § 25F credit?*

**Yes.**

5. *What information should an SGO be required to provide to its donor?*

- a. *Should the SGO be required to inform the donor that only the first \$1,700 of qualified contributions to SGOs may entitle the donor to a § 25F credit?*

**Yes.**

- b. *Should the SGO be required to inform the donor that additional amounts over the first \$1,700 may qualify for a Federal tax deduction under § 170 (but that any qualified contribution for which a § 25F credit is allowed may not be taken into account as a charitable contribution for purposes of § 170)?*

**Yes.**

- c. *Should the SGO be required to inform the donor that any § 25F credit must be reduced by any credit on any State tax return of the taxpayer for qualified contributions made by the taxpayer during the taxable year. If so, when should the SGO be required to inform the donor of the requirement to reduce the § 25F credit by any such State credit?*

**Yes, upon both solicitation and receipt of the donation.**



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**Thank you for your consideration of these comments.**

**The America First Policy Institute, by:**

***Erika Donalds***

Chair, Education Opportunity

**The America First Policy Institute**

AFPI is a 501(c)(3) nonprofit, non-partisan research institute. AFPI exists to conduct research and develop policies that put the American people first. Our guiding principles are liberty, free enterprise, national greatness, American military superiority, foreign-policy engagement in the American interest, and the primacy of American workers, families, and communities in all we do.