



Lexie's Law (Arizona Tax Credit Scholarships for Disabled/Displaced Students)

In 2009, the Arizona legislature passed Lexie's Law which provides up to \$5 million annually in Preschool and K-12 education scholarships to qualified disabled/displaced students so that they may attend qualified private schools that best fit their learning needs.

The scholarships are funded by companies that redirect their Arizona corporate income or insurance premium taxes to eligible School Tuition Organizations (like AAA Scholarship Foundation) and in return, receive tax credits. The program is governed by A.R.S. § 43-1184, A.R.S. § 20-224.07 and Chapter 15 in Title 43. A.R.S § 43-1505.

Similar to scholarships from the low-income student corporate income tax credit donations, disabled/displaced corporate income tax and insurance premium tax credits scholarships under this program are restricted to certain students. Recipients of disabled/displaced scholarships must provide documentation on meeting the following specific eligibility requirements.

A qualified disabled/displaced student is a student who has been either:

- Identified as having a disability under Section 504 of the Rehabilitation Act or identified at any time by a school district as a child with a disability as defined in § 15-761 or a child with a disability who is eligible to receive services from a school district under § 15-763, or
- Placed in foster care in Arizona pursuant to A.R.S. Title 8, Chapter 5 at any time before the student graduates from high school or obtains a general equivalency diploma.

A qualified disabled/displaced student applicant must also meet one of the following Scholarship prerequisites:

- Student has an IEP, MET, 504 plan from an Arizona public school; **OR**
- Student was placed at one time in the Arizona foster care system (to be verified by the Arizona Department of Economic Security). **AND**
- The household must be a resident of Arizona to apply for a scholarship.

The sum of a student's Disabled/Displaced scholarships is limited to 90% of state aid or cost of tuition, whichever is less.

Required Notice: A school tuition organization cannot award, restrict or reserve scholarships solely on the basis of a donor's recommendation. A taxpayer may not claim a tax credit if the taxpayer agrees to swap donations with another taxpayer to benefit either taxpayer's own dependents.