

House Engrossed

State of Arizona
House of Representatives
Forty-sixth Legislature
First Regular Session
2003

CHAPTER 169

HOUSE BILL 2396

AN ACT

AMENDING SECTIONS 43-1089 AND 43-1089.01, ARIZONA REVISED STATUTES; RELATING TO INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 43-1089, Arizona Revised Statutes, is amended to
3 read:

4 43-1089. Credit for contributions to school tuition
5 organization; definitions

6 A. A credit is allowed against the taxes imposed by this title for the
7 amount of voluntary cash contributions made by the taxpayer during the
8 taxable year to a school tuition organization, but not exceeding:

9 1. Five hundred dollars in any taxable year for a single individual
10 or a head of household.

11 2. Six hundred twenty-five dollars in any taxable year for a married
12 couple filing a joint return. A husband and wife who file separate returns
13 for a taxable year in which they could have filed a joint return may each
14 claim only one-half of the tax credit that would have been allowed for a
15 joint return.

16 B. If the allowable tax credit exceeds the taxes otherwise due under
17 this title on the claimant's income, or if there are no taxes due under this
18 title, the taxpayer may carry the amount of the claim not used to offset the
19 taxes under this title forward for not more than five consecutive taxable
20 years' income tax liability.

21 C. The credit allowed by this section is in lieu of any deduction
22 pursuant to section 170 of the internal revenue code and taken for state tax
23 purposes.

24 D. The tax credit is not allowed if the taxpayer designates the
25 taxpayer's donation to the school tuition organization for the direct benefit
26 of any dependent of the taxpayer.

27 E. A SCHOOL TUITION ORGANIZATION THAT RECEIVES A VOLUNTARY CASH
28 CONTRIBUTION PURSUANT TO SUBSECTION A SHALL REPORT TO THE DEPARTMENT, IN A
29 FORM PRESCRIBED BY THE DEPARTMENT, BY FEBRUARY 28 OF EACH YEAR THE FOLLOWING
30 INFORMATION:

31 1. THE NAME, ADDRESS AND CONTACT NAME OF THE SCHOOL TUITION
32 ORGANIZATION.

33 2. THE TOTAL NUMBER OF CONTRIBUTIONS RECEIVED DURING THE PREVIOUS
34 CALENDAR YEAR.

35 3. THE TOTAL DOLLAR AMOUNT OF CONTRIBUTIONS RECEIVED DURING THE
36 PREVIOUS CALENDAR YEAR.

37 4. THE TOTAL NUMBER OF CHILDREN AWARDED EDUCATIONAL SCHOLARSHIPS OR
38 TUITION GRANTS DURING THE PREVIOUS CALENDAR YEAR.

39 5. THE TOTAL DOLLAR AMOUNT OF EDUCATIONAL SCHOLARSHIPS AND TUITION
40 GRANTS AWARDED DURING THE PREVIOUS CALENDAR YEAR.

41 6. FOR EACH SCHOOL TO WHICH EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS
42 WERE AWARDED:

43 (a) THE NAME AND ADDRESS OF THE SCHOOL.

44 (b) THE NUMBER OF EDUCATIONAL SCHOLARSHIPS AND TUITION GRANTS AWARDED
45 DURING THE PREVIOUS CALENDAR YEAR.

1 (c) THE TOTAL DOLLAR AMOUNT OF EDUCATIONAL SCHOLARSHIPS AND TUITION
2 GRANTS AWARDED DURING THE PREVIOUS CALENDAR YEAR.

3 F. For THE purposes of this section:

4 1. "Handicapped student" means a student who has any of the following
5 conditions:

6 (a) Hearing impairment.

7 (b) Visual impairment.

8 (c) Preschool moderate delay.

9 (d) Preschool severe delay.

10 (e) Preschool speech or language delay.

11 2. "Qualified school" means a nongovernmental primary school, OR
12 secondary school or a preschool for handicapped students, ~~which~~ THAT is
13 located in this state, that does not discriminate on the basis of race,
14 color, handicap, familial status or national origin and that satisfies the
15 requirements prescribed by law for private schools in this state on January
16 1, 1997.

17 3. "School tuition organization" means a charitable organization in
18 this state that is exempt from federal taxation under section 501(c)(3) of
19 the internal revenue code and that allocates at least ninety per cent of its
20 annual revenue for educational scholarships or tuition grants to children to
21 allow them to attend any qualified school of their parents' choice. In
22 addition, to qualify as a school tuition organization the charitable
23 organization shall provide educational scholarships or tuition grants to
24 students without limiting availability to only students of one school.

25 Sec. 2. Section 43-1089.01, Arizona Revised Statutes, is amended to
26 read:

27 43-1089.01. Tax credit; public school fees and contributions;
28 definitions

29 A. A credit is allowed against the taxes imposed by this title for the
30 amount of any fees or cash contributions paid by a taxpayer during the
31 taxable year to a public school located in this state for the support of
32 extracurricular activities or character education programs of the public
33 school, but not exceeding:

34 1. Two hundred dollars for a single individual or a head of household.

35 2. Two hundred fifty dollars for a married couple filing a joint
36 return. A husband and wife who file separate returns for a taxable year in
37 which they could have filed a joint return may each claim only one-half of
38 the tax credit that would have been allowed for a joint return.

39 B. The credit allowed by this section is in lieu of any deduction
40 pursuant to section 170 of the internal revenue code and taken for state tax
41 purposes.

42 C. If the allowable tax credit exceeds the taxes otherwise due under
43 this title on the claimant's income, or if there are no taxes due under this
44 title, the taxpayer may carry the amount of the claim not used to offset the

1 taxes under this title forward for not more than five consecutive taxable
2 years' income tax liability.

3 D. A PUBLIC SCHOOL THAT RECEIVES FEES OR A CASH CONTRIBUTION PURSUANT
4 TO SUBSECTION A OF THIS SECTION SHALL REPORT TO THE DEPARTMENT, IN A FORM
5 PRESCRIBED BY THE DEPARTMENT, BY FEBRUARY 28 OF EACH YEAR THE FOLLOWING
6 INFORMATION:

7 1. THE TOTAL NUMBER OF FEE AND CASH CONTRIBUTION PAYMENTS RECEIVED
8 DURING THE PREVIOUS CALENDAR YEAR.

9 2. THE TOTAL DOLLAR AMOUNT OF FEES AND CONTRIBUTIONS RECEIVED DURING
10 THE PREVIOUS CALENDAR YEAR.

11 3. THE TOTAL DOLLAR AMOUNT OF FEES AND CONTRIBUTIONS SPENT BY THE
12 SCHOOL DURING THE PREVIOUS CALENDAR YEAR, CATEGORIZED BY SPECIFIC
13 EXTRACURRICULAR ACTIVITY OR CHARACTER EDUCATION PROGRAM.

14 4. THE TOTAL NUMBER OF CHILDREN WHO PARTICIPATED IN EACH
15 EXTRACURRICULAR ACTIVITY OR CHARACTER EDUCATION PROGRAM FUNDED BY THE FEES
16 OR CONTRIBUTIONS DURING THE PREVIOUS CALENDAR YEAR, CATEGORIZED BY SPECIFIC
17 EXTRACURRICULAR ACTIVITY OR CHARACTER EDUCATION PROGRAM.

18 D. E. For THE purposes of this section:

19 1. "Character education programs" means a program as defined DESCRIBED
20 in section 15-719.

21 2. "Extracurricular activities" means school sponsored activities that
22 require enrolled students to pay a fee in order to participate including fees
23 for:

24 (a) Band uniforms.

25 (b) Equipment or uniforms for varsity athletic activities.

26 (c) Scientific laboratory materials.

APPROVED BY THE GOVERNOR MAY 7, 2003.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 7, 2003.

Passed the House March 5, 2003

Passed the Senate April 30, 2003

by the following vote: 45 Ayes,

by the following vote: 29 Ayes,

12 Nays, 3 Not Voting

0 Nays, 1 Not Voting

Dave Flake
Speaker of the House

Ken Blumenthal
President of the Senate

Norman L. Joyce
Chief Clerk of the House

Charmine Bellinger
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
1 day of May, 2003

at 9:11 o'clock A. M.

Sandra Camorey
Secretary to the Governor

Approved this 7 day of

May, 2003,

at 10:25 o'clock A. M.

IT Noyke
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 7 day of May, 2003

at 4:09 o'clock P. M.

Janice K. Brewer
Secretary of State

H.B. 2396