

House Engrossed Senate Bill

State of Arizona  
Senate  
Fifty-second Legislature  
Second Regular Session  
2016

**FILED**  
**MICHELE REAGAN**  
**SECRETARY OF STATE**

CHAPTER 109

# **SENATE BILL 1216**

AN ACT

AMENDING SECTION 43-1088, ARIZONA REVISED STATUTES; RELATING TO THE CHARITABLE CONTRIBUTION INCOME TAX CREDIT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 43-1088, Arizona Revised Statutes, is amended to  
3 read:

4 43-1088. Credit for contribution to qualifying charitable  
5 organizations; definitions

6 A. Except as provided in ~~subsection~~ SUBSECTIONS B AND C of this  
7 section, a credit is allowed against the taxes imposed by this title for  
8 voluntary cash contributions by the taxpayer or on the taxpayer's behalf  
9 pursuant to section 43-401, subsection G during the taxable year to a  
10 qualifying charitable organization, OTHER THAN A QUALIFYING FOSTER CARE  
11 CHARITABLE ORGANIZATION, not to exceed:

12 1. ~~Two~~ FOUR hundred dollars in any taxable year for a single  
13 individual or a head of household.

14 2. ~~Four~~ EIGHT hundred dollars in any taxable year for a married couple  
15 filing a joint return.

16 B. A SEPARATE CREDIT IS ALLOWED FOR VOLUNTARY CASH CONTRIBUTIONS  
17 DURING THE TAXABLE YEAR TO A QUALIFYING FOSTER CARE CHARITABLE ORGANIZATION.  
18 A CONTRIBUTION TO A QUALIFYING FOSTER CARE CHARITABLE ORGANIZATION DOES NOT  
19 QUALIFY FOR, AND SHALL NOT BE INCLUDED IN, ANY CREDIT AMOUNT UNDER SUBSECTION  
20 A OF THIS SECTION. If the voluntary cash contribution by the taxpayer or on  
21 the taxpayer's behalf pursuant to section 43-401, subsection G is to a  
22 qualifying foster care charitable organization, the credit shall not exceed:

23 1. ~~Four~~ FIVE hundred dollars in any taxable year for a single  
24 individual or a head of household.

25 2. ~~Eight hundred~~ ONE THOUSAND dollars in any taxable year for a  
26 married couple filing a joint return.

27 C. SUBSECTIONS A AND B OF THIS SECTION PROVIDE SEPARATE CREDITS  
28 AGAINST TAXES IMPOSED BY THIS TITLE DEPENDING ON THE RECIPIENTS OF THE  
29 CONTRIBUTIONS. A TAXPAYER, INCLUDING A MARRIED COUPLE FILING A JOINT RETURN,  
30 IN THE SAME TAXABLE YEAR, MAY EITHER OR BOTH:

31 1. CONTRIBUTE TO A QUALIFYING CHARITABLE ORGANIZATION, OTHER THAN A  
32 QUALIFYING FOSTER CARE CHARITABLE ORGANIZATION, AND CLAIM A CREDIT UNDER  
33 SUBSECTION A OF THIS SECTION.

34 2. CONTRIBUTE TO A QUALIFYING FOSTER CARE CHARITABLE ORGANIZATION AND  
35 CLAIM A CREDIT UNDER SUBSECTION B OF THIS SECTION.

36 ~~6.~~ D. A husband and wife who file separate returns for a taxable year  
37 in 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 ~~7.~~ E. If the allowable tax credit exceeds the taxes otherwise due  
40 under this title on the claimant's income, or if there are no taxes due under  
41 this title, the taxpayer may carry forward the amount of the claim not used  
42 to offset the taxes under this title for not more than five consecutive  
43 taxable years' income tax liability.

1       ~~E~~. F. The credit allowed by this section is in lieu of a deduction  
2 pursuant to section 170 of the internal revenue code and taken for state tax  
3 purposes.

4       ~~F~~. G. Taxpayers taking a credit authorized by this section shall  
5 provide the name of the qualifying charitable organization and the amount of  
6 the contribution to the department of revenue on forms provided by the  
7 department.

8       ~~G~~. H. A qualifying charitable organization shall provide the  
9 department of revenue with a written certification that it meets all criteria  
10 to be considered a qualifying charitable organization. The organization  
11 shall also notify the department of any changes that may affect the  
12 qualifications under this section.

13       ~~H~~. I. The charitable organization's written certification must be  
14 signed by an officer of the organization under penalty of perjury. The  
15 written certification must include the following:

16           1. Verification of the organization's status under section 501(c)(3)  
17 of the internal revenue code or verification that the organization is a  
18 designated community action agency that receives community services block  
19 grant program monies pursuant to 42 United States Code section 9901.

20           2. Financial data indicating the organization's budget for the  
21 organization's prior operating year and the amount of that budget spent on  
22 services to residents of this state who either:

23               (a) Receive temporary assistance for needy families benefits.

24               (b) Are low-income residents of this state.

25               (c) Are children who have a chronic illness or physical disability.

26           3. A statement that the organization plans to continue spending at  
27 least fifty percent of its budget on services to residents of this state who  
28 receive temporary assistance for needy families benefits, who are low-income  
29 residents of this state or who are children who have a chronic illness or  
30 physical disability.

31           4. A statement that the organization does not provide, pay for or  
32 provide coverage of abortions and does not financially support any other  
33 entity that provides, pays for or provides coverage of abortions.

34       ~~I~~. J. The department shall review each written certification and  
35 determine whether the organization meets all the criteria to be considered a  
36 qualifying charitable organization and notify the organization of its  
37 determination. The department may also periodically request recertification  
38 from the organization. The department shall compile and make available to  
39 the public a list of the qualifying charitable organizations.

40       ~~J~~. K. For the purposes of this section:

41           1. "Children who have a chronic illness or physical disability" has  
42 the same meaning prescribed in section 36-260.

43           2. "Low-income residents" means persons whose household income is less  
44 than one hundred fifty percent of the federal poverty level.

1           3. "Qualifying charitable organization" means a charitable  
2 organization that is exempt from federal income taxation under section  
3 501(c)(3) of the internal revenue code or is a designated community action  
4 agency that receives community services block grant program monies pursuant  
5 to 42 United States Code section 9901. The organization must spend at least  
6 fifty percent of its budget on services to residents of this state who  
7 receive temporary assistance for needy families benefits or low-income  
8 residents of this state and their households or to children who have a  
9 chronic illness or physical disability who are residents of this state.  
10 Taxpayers choosing to make donations through an umbrella charitable  
11 organization that collects donations on behalf of member charities shall  
12 designate that the donation be directed to a member charitable organization  
13 that would qualify under this section on a stand-alone basis. Qualifying  
14 charitable organization does not include any entity that provides, pays for  
15 or provides coverage of abortions or that financially supports any other  
16 entity that provides, pays for or provides coverage of abortions.

17           4. "Qualifying foster care charitable organization" means a qualifying  
18 charitable organization that each operating year provides services to at  
19 least two hundred qualified individuals in this state and spends at least  
20 fifty percent of its budget on services to qualified individuals in this  
21 state. For the purposes of this paragraph, "qualified individual" means a  
22 foster child as defined in section 8-501 or a person who is under twenty-one  
23 years of age and who is participating in a transitional independent living  
24 program as prescribed by section 8-521.01.

25           5. "Services" means cash assistance, medical care, child care, food,  
26 clothing, shelter, job placement and job training services or any other  
27 assistance that is reasonably necessary to meet immediate basic needs and  
28 that is provided and used in this state.

29           Sec. 2. Retroactivity

30           This act applies retroactively to taxable years beginning from and  
31 after December 31, 2015.

APPROVED BY THE GOVERNOR MAY 6, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 6, 2016.

Passed the House May 5, 2016,

Passed the Senate February 22, 2016,

by the following vote: 41 Ayes,

by the following vote: 29 Ayes,

18 Nays, 1 Not Voting

1 Nays, 0 Not Voting

[Signature]  
Speaker of the House

[Signature]  
President of the Senate

[Signature]  
Chief Clerk of the House

[Signature]  
Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR**

This Bill was received by the Governor this

\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary to the Governor

~~Approved this \_\_\_\_\_ day of~~

~~\_\_\_\_\_, 20\_\_\_\_,~~

~~at \_\_\_\_\_ o'clock \_\_\_\_\_ M.~~

~~\_\_\_\_\_  
Governor of Arizona~~

**S.B. 1216**

**EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE**

This Bill was received by the Secretary of State

this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State

SENATE CONCURS IN HOUSE  
AMENDMENTS AND FINAL PASSAGE

Passed the Senate May 5, 2016

by the following vote: 23 Ayes,

6 Nays, 1 Not Voting

[Signature]  
President of the Senate

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

5<sup>th</sup> day of May, 2016

at 4:10 o'clock P. M.

[Signature]  
Secretary to the Governor

Approved this 6<sup>th</sup> day of

May

at 3:21 o'clock P. M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 6<sup>th</sup> day of May, 2016

at 5:10 o'clock P. M.

[Signature]  
Secretary of State

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