

Senate Engrossed

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

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

CHAPTER 309

# **SENATE BILL 1217**

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 B of this section, a credit is  
7 allowed against the taxes imposed by this title for voluntary cash  
8 contributions by the taxpayer or on the taxpayer's behalf pursuant to section  
9 43-401, subsection G during the taxable year to a qualifying charitable  
10 organization not to exceed:

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

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

15 B. If the voluntary cash contribution by the taxpayer or on the  
16 taxpayer's behalf pursuant to section 43-401, subsection G is to a qualifying  
17 foster care charitable organization, the credit shall not exceed:

18 1. Four hundred dollars in any taxable year for a single individual or  
19 a head of household.

20 2. Eight hundred dollars in any taxable year for a married couple  
21 filing a joint return.

22 C. A husband and wife who file separate returns for a taxable year in  
23 which they could have filed a joint return may each claim only one-half of  
24 the tax credit that would have been allowed for a joint return.

25 D. FOR THE PURPOSES OF THIS SECTION, A CONTRIBUTION FOR WHICH A CREDIT  
26 IS CLAIMED AND THAT IS MADE ON OR BEFORE THE FIFTEENTH DAY OF THE FOURTH  
27 MONTH FOLLOWING THE CLOSE OF THE TAXABLE YEAR MAY BE APPLIED TO EITHER THE  
28 CURRENT OR PRECEDING TAXABLE YEAR AND IS CONSIDERED TO HAVE BEEN MADE ON THE  
29 LAST DAY OF THAT TAXABLE YEAR.

30 ~~D.~~ E. If the allowable tax credit exceeds the taxes otherwise due  
31 under this title on the claimant's income, or if there are no taxes due under  
32 this title, the taxpayer may carry forward the amount of the claim not used  
33 to offset the taxes under this title for not more than five consecutive  
34 taxable years' income tax liability.

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

38 ~~F.~~ G. Taxpayers taking a credit authorized by this section shall  
39 provide the name of the qualifying charitable organization and the amount of  
40 the contribution to the department of revenue on forms provided by the  
41 department.

42 ~~G.~~ H. A qualifying charitable organization shall provide the  
43 department of revenue with a written certification that it meets all criteria  
44 to be considered a qualifying charitable organization. The organization

1 shall also notify the department of any changes that may affect the  
2 qualifications under this section.

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

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

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

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

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

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

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

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

24 ~~I.~~ J. The department shall review each written certification and  
25 determine whether the organization meets all the criteria to be considered a  
26 qualifying charitable organization and notify the organization of its  
27 determination. The department may also periodically request recertification  
28 from the organization. The department shall compile and make available to  
29 the public a list of the qualifying charitable organizations.

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

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

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

35 3. "Qualifying charitable organization" means a charitable  
36 organization that is exempt from federal income taxation under section  
37 501(c)(3) of the internal revenue code or is a designated community action  
38 agency that receives community services block grant program monies pursuant  
39 to 42 United States Code section 9901. The organization must spend at least  
40 fifty percent of its budget on services to residents of this state who  
41 receive temporary assistance for needy families benefits or low-income  
42 residents of this state and their households or to children who have a  
43 chronic illness or physical disability who are residents of this state.  
44 Taxpayers choosing to make donations through an umbrella charitable  
45 organization that collects donations on behalf of member charities shall

1 designate that the donation be directed to a member charitable organization  
2 that would qualify under this section on a stand-alone basis. Qualifying  
3 charitable organization does not include any entity that provides, pays for  
4 or provides coverage of abortions or that financially supports any other  
5 entity that provides, pays for or provides coverage of abortions.

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

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

18 Sec. 2. Retroactivity

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

APPROVED BY THE GOVERNOR MAY 17, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 18, 2016.

Passed the House May 6, 2016,

by the following vote: 52 Ayes,

1 Nays, 7 Not Voting

[Signature]  
Speaker of the House

[Signature]  
Chief Clerk of the House

Passed the Senate February 22, 2016,

by the following vote: 30 Ayes,

0 Nays, 0 Not Voting

[Signature]  
President of the Senate

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this  
9th day of May, 2016,

at 10:07 o'clock A. M.

[Signature]  
Secretary to the Governor

Approved this 17th day of

May, 2016,

at 5:07 o'clock P. M.

[Signature]  
Governor of Arizona

S.B. 1217

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State  
this 18th day of May, 2016,

at 10:20 o'clock A. M.

[Signature]  
Secretary of State