



# HOUSE OF REPRESENTATIVES

HB 2676

tax credit; title I schools

Prime Sponsor: Representative Rivero, LD 21

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X Committee on Ways and Means

Caucus and COW

House Engrossed

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## **OVERVIEW**

HB 2676 establishes a tax credit for donations to Title I schools and establishes the Arizona Title I School Matching Grant Fund (Fund).

## **PROVISIONS**

### ***Arizona Title I School Matching Grant Fund***

1. Establishes the Fund consisting of legislative appropriations, gifts, grants and donations and designates the Arizona Department of Education as the Fund's administrator.
2. Specifies that monies in the fund are continuously appropriated and exempts the fund from appropriation lapsing restrictions.
3. Allows schools that received a donation for the purposes of the Title I School Tax Credit to apply to ADE for a grant in the amount of four times the amount of the donations received in the preceding fiscal year (FY).
4. Prohibits ADE from matching donations over \$250,000.
5. Requires ADE to distribute grants as follows:
  - a. If, on July 1 of the FY, applications for donation matches exceed the donation matching limit, ADE will distribute monies proportionately to qualifying Title I schools that have applied as of that date.
  - b. If, on July 1 of the FY, applications do not exceed the donation matching limit, ADE will distribute monies on a first-come, first-served basis.
6. Allows qualifying Title I schools to use grant monies for any purpose allowed for federal Title I financial assistance.
7. Defines *qualifying Title I school* as a school that qualifies to receive financial assistance from the U.S. Government pursuant to Title I, Part A of the Elementary and Secondary Education Act of 1965 and that further qualifies because at least 70% of the pupils enrolled in that school are from low-income families.

### ***Title I School Donation Tax Credit***

8. Allows a tax credit for voluntary donations by a taxpayer to a Title I school.
9. Caps the tax credit at \$200 per taxpayer.
  - a. A married couple filing a joint return may each claim up to \$200.
10. Permits a five year carryforward of the credit.

## **HB 2676**

11. Defines *Title I school* as a school that qualifies to receive financial assistance from the U.S. Government pursuant to Title I, Part A of the Elementary and Secondary Education Act of 1965 because of high numbers or high percentages of children enrolled in that school from low-income families.
12. Adds the tax credit to the Joint Legislative Income Tax Credit Review Committee review schedule.

### *Miscellaneous*

13. Contains a purpose clause.
14. Contains a retroactive effective date of January 1, 2016.

### **ADDITIONAL INFORMATION**

Title I, Part A of the Elementary and Secondary Education Act provides financial assistance to local educational agencies and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards. (U.S. Department of Education) As of the 2014-2015 School Year, there are 1,284 Title I schools in Arizona.