CHAPTER 47

HOUSE BILL 2066

AN ACT

AMENDING SECTION 43-1089.01, ARIZONA REVISED STATUTES; RELATING TO THE PUBLIC SCHOOL TAX CREDIT.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 43-1089.01, Arizona Revised Statutes, is amended to read:

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

A. A credit is allowed against the taxes imposed by this title for the amount of any fees or cash contributions by a taxpayer or on the taxpayer's behalf pursuant to section 43-401, subsection G during the taxable year to a public school located in this state for the support of **STANDARDIZED TESTING FEES FOR COLLEGE CREDIT OR READINESS OFFERED BY A WIDELY RECOGNIZED AND ACCEPTED EDUCATIONAL TESTING ORGANIZATION, THE CAREER AND TECHNICAL EDUCATION INDUSTRY CERTIFICATION ASSESSMENT, PREPARATION COURSES AND MATERIALS FOR STANDARDIZED TESTING, extracurricular activities or character education programs of the public school, but not exceeding:**

1. Two hundred dollars for a single individual or a head of household.
2. Three hundred dollars in taxable year 2005 for a married couple filing a joint return.
3. Four hundred dollars in taxable year 2006 and any subsequent taxable year for a married couple filing a joint return.

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

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

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

E. The site council of the public school that receives contributions that are not designated for a specific purpose shall determine how the contributions are used at the school site. If a charter school does not have a site council, the principal, director or chief administrator of the charter school shall determine how the contributions that are not designated for a specific purpose are used at the school site. If at the end of a fiscal year a public school has unspent contributions that were previously designated for a specific purpose or program and that purpose or program has been discontinued or has not been used for two consecutive fiscal years, these contributions shall be considered undesignated in the following fiscal year for the purposes of this subsection.

F. A public school that receives fees or a cash contribution pursuant to subsection A of this section shall report to the department, in a form prescribed by the department, by February 28 of each year the following information:
1. The total number of fee and cash contribution payments received
   during the previous calendar year.
2. The total dollar amount of fees and contributions received during
   the previous calendar year.
3. The total dollar amount of fees and contributions spent by the
   school during the previous calendar year, categorized by specific
   STANDARDIZED TESTING, PREPARATION COURSES AND MATERIALS FOR STANDARDIZED
   TESTING, extracurricular activity or character education program.

G. For the purposes of this section:
1. "CAREER AND TECHNICAL EDUCATION INDUSTRY CERTIFICATION ASSESSMENT"
   means an assessment for career and technical preparation programs for pupils.
2. "Character education programs" means a program described in
   section 15-719.
3. "Extracurricular activities" means school-sponsored activities
   that require enrolled students to pay a fee in order to participate,
   including fees for:
   (a) Band uniforms.
   (b) Equipment or uniforms for varsity athletic activities.
   (c) Scientific laboratory materials.
   (d) In-state or out-of-state trips that are solely for competitive
       events. Extracurricular activities do not include any senior trips or events
       that are recreational, amusement or tourist activities.
3. "Public school" means a school that is part of a school
   district, a joint technical education district or a charter school.
4. "STANDARDIZED TESTING FOR COLLEGE CREDIT OR READINESS" INCLUDES
   THE SAT, PSAT, ACT, ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE
   DIPLOMA TESTS AND OTHER SIMILAR TESTS.
5. "WIDELY RECOGNIZED AND ACCEPTED EDUCATIONAL TESTING
   ORGANIZATION" MEANS THE COLLEGE BOARD, THE ACT, THE INTERNATIONAL
   BACCALAUREATE AND OTHER ORGANIZATIONS THAT ARE WIDELY RECOGNIZED AND ACCEPTED
   BY COLLEGES AND UNIVERSITIES IN THE UNITED STATES AND THAT OFFER COLLEGE
   CREDIT AND READINESS EXAMINATIONS.

Sec. 2. Retroactivity
This act applies retroactively to taxable years beginning from and
after December 31, 2014.

APPROVED BY THE GOVERNOR MARCH 23, 2015.