

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

**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 ~~C.~~ 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 ~~D.~~ 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42           3. "Qualifying charitable organization" means a charitable  
43 organization that is exempt from federal income taxation under section  
44 501(c)(3) of the internal revenue code or is a designated community action  
45 agency that receives community services block grant program monies pursuant  
46 to 42 United States Code section 9901. The organization must spend at least

1 fifty percent of its budget on services to residents of this state who  
2 receive temporary assistance for needy families benefits or low-income  
3 residents of this state and their households or to children who have a  
4 chronic illness or physical disability who are residents of this state.  
5 Taxpayers choosing to make donations through an umbrella charitable  
6 organization that collects donations on behalf of member charities shall  
7 designate that the donation be directed to a member charitable organization  
8 that would qualify under this section on a stand-alone basis. Qualifying  
9 charitable organization does not include any entity that provides, pays for  
10 or provides coverage of abortions or that financially supports any other  
11 entity that provides, pays for or provides coverage of abortions.

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

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

24 Sec. 2. Retroactivity

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

APPROVED BY THE GOVERNOR MAY 6, 2016.

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