

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

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

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

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

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

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

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

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

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

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

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

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

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

33 3. "Qualifying charitable organization" means a charitable
34 organization that is exempt from federal income taxation under section
35 501(c)(3) of the internal revenue code or is a designated community action
36 agency that receives community services block grant program monies pursuant
37 to 42 United States Code section 9901. The organization must spend at least
38 fifty percent of its budget on services to residents of this state who
39 receive temporary assistance for needy families benefits or low-income
40 residents of this state and their households or to children who have a
41 chronic illness or physical disability who are residents of this state.
42 Taxpayers choosing to make donations through an umbrella charitable
43 organization that collects donations on behalf of member charities shall
44 designate that the donation be directed to a member charitable organization
45 that would qualify under this section on a stand-alone basis. Qualifying
46 charitable organization does not include any entity that provides, pays for

1 or provides coverage of abortions or that financially supports any other
2 entity that provides, pays for or provides coverage of abortions.

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

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

15 Sec. 2. Retroactivity

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

APPROVED BY THE GOVERNOR MAY 17, 2016.

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