

State of Arizona
Senate
Fifty-fourth Legislature
First Regular Session
2019

CHAPTER 297
SENATE BILL 1027

AN ACT

AMENDING SECTION 43-1088, ARIZONA REVISED STATUTES; RELATING TO INDIVIDUAL
INCOME TAX CREDITS.

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

12 1. ~~Four hundred dollars~~ \$400 in any taxable year for a single
13 individual or a head of household.

14 2. ~~Eight hundred dollars~~ \$800 in any taxable year for a married
15 couple 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
18 organization. A contribution to a qualifying foster care charitable
19 organization does not qualify for, and shall not be included in, any
20 credit amount under subsection A of this section. If the voluntary cash
21 contribution by the taxpayer or on the taxpayer's behalf pursuant to
22 section 43-401, subsection G is to a qualifying foster care charitable
23 organization, the credit shall not exceed:

24 1. ~~Five hundred dollars~~ \$500 in any taxable year for a single
25 individual or a head of household.

26 2. ~~One thousand dollars~~ \$1,000 in any taxable year for a married
27 couple filing a joint return.

28 C. Subsections A and B of this section provide separate credits
29 against taxes imposed by this title depending on the recipients of the
30 contributions. A taxpayer, including a married couple filing a joint
31 return, in the same taxable year, may either or both:

32 1. Contribute to a qualifying charitable organization, other than a
33 qualifying foster care charitable organization, and claim a credit under
34 subsection A of this section.

35 2. Contribute to a qualifying foster care charitable organization
36 and claim a credit under subsection B of this section.

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

40 E. For the purposes of this section, a contribution for which a
41 credit is claimed and that is made on or before the fifteenth day of the
42 fourth month following the close of the taxable year may be applied to
43 either the current or preceding taxable year and is considered to have
44 been made on the last day of that taxable year.

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

6 G. The credit allowed by this section is in lieu of a deduction
7 pursuant to section 170 of the internal revenue code and taken for state
8 tax purposes.

9 H. Taxpayers taking a credit authorized by this section shall
10 provide the name of the qualifying charitable organization and the amount
11 of the contribution to the department of revenue on forms provided by the
12 department.

13 I. A qualifying charitable organization shall provide the
14 department of revenue with a written certification that it meets all
15 criteria to be considered a qualifying charitable organization. The
16 organization shall also notify the department of any changes that may
17 affect the qualifications under this section.

18 J. The charitable organization's written certification must be
19 signed by an officer of the organization under penalty of perjury. The
20 written certification must include the following:

21 1. Verification of the organization's status under section
22 501(c)(3) of the internal revenue code or verification that the
23 organization is a designated community action agency that receives
24 community services block grant program monies pursuant to 42 United States
25 Code section 9901.

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

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

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

31 (c) Are ~~children~~ INDIVIDUALS who have a chronic illness or physical
32 disability.

33 3. A statement that the organization plans to continue spending at
34 least fifty percent of its budget on services to residents of this state
35 who receive temporary assistance for needy families benefits, who are
36 low-income residents ~~of this state~~ or who are ~~children~~ INDIVIDUALS who
37 have a chronic illness or physical disability.

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

41 K. The department shall review each written certification and
42 determine whether the organization meets all the criteria to be considered
43 a qualifying charitable organization and notify the organization of its
44 determination. The department may also periodically request
45 recertification from the organization. The department shall compile and

1 make available to the public a list of the qualifying charitable
2 organizations.

3 L. For the purposes of this section:

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

6 1. "INDIVIDUALS WHO HAVE A CHRONIC ILLNESS OR PHYSICAL DISABILITY"
7 MEANS INDIVIDUALS WHOSE PRIMARY DIAGNOSIS IS A SEVERE PHYSICAL CONDITION
8 THAT MAY REQUIRE ONGOING MEDICAL OR SURGICAL INTERVENTION.

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

11 3. "Qualifying charitable organization" means a charitable
12 organization that is exempt from federal income taxation under section
13 501(c)(3) of the internal revenue code or is a designated community action
14 agency that receives community services block grant program monies
15 pursuant to 42 United States Code section 9901. The organization must
16 spend at least fifty percent of its budget on services to residents of
17 this state who receive temporary assistance for needy families benefits,
18 ~~or~~ TO low-income residents of this state and their households or to
19 ~~children~~ INDIVIDUALS who have a chronic illness or physical disability AND
20 who are residents of this state. Taxpayers choosing to make donations
21 through an umbrella charitable organization that collects donations on
22 behalf of member charities shall designate that the donation be directed
23 to a member charitable organization that would qualify under this section
24 on a stand-alone basis. Qualifying charitable organization does not
25 include any entity that provides, pays for or provides coverage of
26 abortions or that financially supports any other entity that provides,
27 pays for or provides coverage of abortions.

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

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

40 Sec. 2. Retroactivity

41 Section 43-1088, Arizona Revised Statutes, as amended by this act,
42 applies retroactively to taxable years beginning from and after
43 December 31, 2018.

S.B. 1027

APPROVED BY THE GOVERNOR JUNE 7, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 7, 2019.