

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

# SENATE BILL 1485

AN ACT

AMENDING SECTION 43-1183, ARIZONA REVISED STATUTES; RELATING TO 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 43-1183, Arizona Revised Statutes, is amended to  
3 read:

4 43-1183. Credit for contributions to school tuition  
5 organization

6 A. Beginning from and after June 30, 2006, a credit is allowed  
7 against the taxes imposed by this title for the amount of voluntary cash  
8 contributions made by the taxpayer during the taxable year to a school  
9 tuition organization that is certified pursuant to chapter 15 of this  
10 title at the time of donation.

11 B. The amount of the credit is the total amount of the taxpayer's  
12 contributions for the taxable year under subsection A of this section and  
13 is preapproved by the department of revenue pursuant to subsection D of  
14 this section.

15 C. The department of revenue:

16 1. Shall not allow tax credits under this section and section  
17 20-224.06 that exceed in the aggregate a combined total of ~~ten million~~  
18 ~~dollars~~ \$10,000,000 in any fiscal year. Beginning in fiscal year  
19 2007-2008, the aggregate dollar amount of the tax credit cap from the  
20 previous fiscal year shall be annually increased by twenty  
21 percent. BEGINNING IN FISCAL YEAR 2020-2021, THE AGGREGATE DOLLAR AMOUNT  
22 OF THE TAX CREDIT CAP FROM THE PREVIOUS FISCAL YEAR SHALL BE INCREASED AS  
23 FOLLOWS:

24 (a) FOR FISCAL YEAR 2020-2021, FIFTEEN PERCENT.

25 (b) FOR FISCAL YEAR 2021-2022, TEN PERCENT.

26 (c) FOR FISCAL YEAR 2022-2023, FIVE PERCENT.

27 (d) FOR FISCAL YEAR 2023-2024 AND EACH FISCAL YEAR THEREAFTER, BY  
28 THE GREATER OF:

29 (i) THE PERCENTAGE OF THE ANNUAL INCREASE, IF ANY, IN THE  
30 METROPOLITAN PHOENIX CONSUMER PRICE INDEX PUBLISHED BY THE UNITED STATES  
31 BUREAU OF LABOR STATISTICS.

32 (ii) TWO PERCENT.

33 2. Shall preapprove tax credits under this section and section  
34 20-224.06 subject to subsection D of this section.

35 3. Shall allow the tax credits under this section and section  
36 20-224.06 on a ~~first come, first served~~ FIRST-COME, FIRST-SERVED basis.

37 D. For the purposes of subsection C, paragraph 2 of this section,  
38 before making a contribution to a school tuition organization, the  
39 taxpayer under this title or title 20 must notify the school tuition  
40 organization of the total amount of contributions that the taxpayer  
41 intends to make to the school tuition organization. Before accepting the  
42 contribution, the school tuition organization shall request preapproval  
43 from the department of revenue for the taxpayer's intended contribution  
44 amount. The department of revenue shall preapprove or deny the requested  
45 amount within twenty days after receiving the request from the school

1 tuition organization. If the department of revenue preapproves the  
2 request, the school tuition organization shall immediately notify the  
3 taxpayer, and the department of insurance in the case of a credit under  
4 section 20-224.06, that the requested amount was preapproved by the  
5 department of revenue. In order to receive a tax credit under this  
6 subsection, the taxpayer shall make the contribution to the school tuition  
7 organization within twenty days after receiving notice from the school  
8 tuition organization that the requested amount was preapproved. If the  
9 school tuition organization does not receive the preapproved contribution  
10 from the taxpayer within the required twenty days, the school tuition  
11 organization shall immediately notify the department of revenue, and the  
12 department of insurance in the case of a credit under section 20-224.06,  
13 and the department of revenue shall no longer include this preapproved  
14 contribution amount when calculating the limit prescribed in subsection C,  
15 paragraph 1 of this section.

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

21 F. Co-owners of a business, including corporate partners in a  
22 partnership and stockholders of an S corporation as defined in section  
23 1361 of the internal revenue code, may each claim only the pro rata share  
24 of the credit allowed under this section based on the ownership interest.  
25 The total of the credits allowed all such owners may not exceed the amount  
26 that would have been allowed a sole owner.

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

30 H. A taxpayer shall not claim a credit under this section and also  
31 under section 43-1184 with respect to the same contribution.

32 I. The tax credit is not allowed if the taxpayer designates the  
33 taxpayer's contribution to the school tuition organization for the direct  
34 benefit of any specific student.

35 J. The department of revenue, with the cooperation of the  
36 department of insurance, shall adopt rules and publish and prescribe forms  
37 and procedures necessary for the administration of this section.