



# ARIZONA HOUSE OF REPRESENTATIVES

## **SB 1485: school tuition organization; inflator**

**PRIME SPONSOR:** Senator Mesnard, LD 17

**BILL STATUS:** [Ways and Means](#)

### **Overview**

Incrementally reduces the growth of the cap for corporate contributions to School Tuition Organizations (STO) tax credits.

### **History**

The Department of Revenue (DOR) certifies STO's and maintains a registry that is available to the public. To be eligible for certification an STO must abide by organizational requirements specified in statute including that 90% of its annual revenue be allocated for educational scholarships and tuition grants ([Arizona Revised Statutes Title 43 Chapter 15 Article 1](#)).

Current law places a cap on the aggregate total of tax credit contribution made by corporations starting with \$10 million in 2006 and increases by 20% every fiscal year. Before accepting a contribution from a corporation an STO must request preapproval from DOR of the intended contribution amount as the credit is first come first served ([A.R.S §43-1183](#)).

### **Provisions**

1. Beginning in FY 2020-2021, the aggregate dollar amount of the tax credit cap from the previous FY shall be increased as follows:
  - a. For FY 2020-2021, 15%;
  - b. For FY 2021-2022, 10%;
  - c. For FY 2022-2023, 5%.; and
  - d. For FY 2023-2024 and each FY after, by the greater of:
    - i. The percentage of increase in the metropolitan Phoenix consumer price index; or
    - ii. 2%. (Sec. 1)
2. Makes technical changes. (Sec. 1)

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