



**ARIZONA STATE SENATE**  
*Fifty-Fourth Legislature, First Regular Session*

**AMENDED**  
FACT SHEET FOR S.B. 1027

tax credit; charitable organizations; eligibility

Purpose

Expands the credit for contribution to qualifying charitable organizations to individuals, rather than children, who have a chronic illness or physical disability.

Background

Current statute allows an individual tax credit for voluntary cash contributions by a taxpayer or on the taxpayer's behalf to a qualifying charitable organization not to exceed \$400 for a single individual or head of household or \$800 for a married couple filing a joint return ([A.R.S. § 43-1088](#)).

*Qualifying charitable organization* is defined as a charitable organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code or is a designated community action agency that receives Community Services Block Grant Program monies pursuant to ([42 U.S.C. § 9901](#)). The organization must spend at least 50 percent of its budget on services to residents of Arizona who receive Temporary Assistance for Needy Families benefits, to low-income residents of Arizona and their households or to children who have a chronic illness or physical disability and who are residents of Arizona.

There may be a negative fiscal impact to the state General Fund if passage of this legislation results in increased usage of the tax credit.

Provisions

1. Expands the credit for contribution to qualifying charitable organizations to organizations that spend at least 50 percent of its budget on services to individuals, rather than children, who have a chronic illness or physical disability and who are residents of Arizona.
2. Defines *individuals who have a chronic illness or physical disability* as those individuals whose primary diagnosis is a severe physical condition that may require ongoing medical or surgical intervention.
3. Makes technical and conforming changes.
4. Becomes effective on the general effective date, retroactive to tax year 2018.

Amendments Adopted by Committee of the Whole

- Adds a retroactivity clause.

Senate Action

FIN                      1/23/19      DP      9-1-0

Prepared by Senate Research  
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CS/kja