

REFERENCE TITLE: STOs; qualified schools; preschool programs

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

HB 2517

Introduced by
Representative Udall

AN ACT

AMENDING SECTIONS 43-1501, 43-1504, 43-1601 AND 43-1603, ARIZONA REVISED
STATUTES; RELATING TO SCHOOL TUITION ORGANIZATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 43-1501, Arizona Revised Statutes, is amended to
3 read:

4 43-1501. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Allocate" includes reserving ~~money~~ MONIES for an award of a
7 multiyear educational scholarship or tuition grant for a specific student.

8 2. "Custodian" means a resident of this state who is a parent or an
9 authorized out-of-home care provider or, if none, the legal guardian of a
10 qualified student, as defined in section 43-1505.

11 3. "Fiscal year" means the fiscal year of the state as prescribed
12 in section 35-102.

13 4. "Qualified school" means a preschool that offers services to
14 students with disabilities, QUALITY PRESCHOOL PROGRAM, nongovernmental
15 primary school or secondary school that is located in this state, ~~and~~ that
16 does not discriminate on the basis of race, color, disability, familial
17 status or national origin and that requires all teaching staff and
18 personnel that have unsupervised contact with students to be
19 fingerprinted. Qualified school does not include a charter school or
20 programs operated by a charter school.

21 5. "QUALITY PRESCHOOL PROGRAM" MEANS A PRESCHOOL PROGRAM THAT IS
22 ACCREDITED BY A NATIONAL EARLY CHILDHOOD DEVELOPMENT ORGANIZATION OR THAT
23 IS RATED AT A QUALITY LEVEL OF THREE OR HIGHER BY THE ARIZONA EARLY
24 CHILDHOOD DEVELOPMENT AND HEALTH BOARD ESTABLISHED BY TITLE 8, CHAPTER 13.

25 Sec. 2. Section 43-1504, Arizona Revised Statutes, is amended to
26 read:

27 43-1504. Special provisions; corporate donations for
28 low-income scholarships; rules

29 A. A school tuition organization that receives contributions from a
30 corporation for the purposes of section 20-224.06 or 43-1183 must use at
31 least ninety ~~per cent~~ PERCENT of those contributions to provide
32 educational scholarships or tuition grants only to children whose family
33 income does not exceed one hundred eighty-five ~~per cent~~ PERCENT of the
34 income limit required to qualify a child for ~~reduced price~~ REDUCED-PRICE
35 lunches under the national school lunch and child nutrition acts (42
36 United States Code sections 1751 through 1785) and to whom any of the
37 following applies:

38 1. Attended a governmental primary or secondary school as a
39 full-time student as defined in section 15-901 or attended a preschool
40 program that offers services to students with disabilities at a
41 governmental school OR PRESCHOOL PROGRAM AT A GOVERNMENT SCHOOL for at
42 least ninety days of the prior fiscal year or one full semester and
43 transferred from a governmental school to a qualified school.

2. Enroll in a qualified school in a kindergarten program, ~~or~~ a preschool ~~program~~ that offers services to students with disabilities OR A QUALITY PRESCHOOL PROGRAM.

3. ~~is~~ ARE the dependent of a member of the armed forces of the United States who is stationed in this state pursuant to military orders.

4. Received an educational scholarship or tuition grant under paragraph 1, 2 or 3 of this subsection or chapter 16, article 1 of this title if the children continue to attend a qualified school in a subsequent year, EXCEPT THAT CHILDREN WHO RECEIVED AN EDUCATIONAL SCHOLARSHIP OR TUITION GRANT TO ATTEND A QUALITY PRESCHOOL PROGRAM ARE NOT ELIGIBLE TO RECEIVE AN EDUCATIONAL SCHOLARSHIP OR TUITION GRANT UNDER THIS PARAGRAPH FOR A KINDERGARTEN PROGRAM IN A SUBSEQUENT YEAR.

B. A child is eligible to receive an educational scholarship or tuition grant under subsection A of this section if the child meets the criteria to receive a ~~reduced-price~~ REDUCED-PRICE lunch but does not actually claim that benefit.

C. In 2006, a school tuition organization shall not issue an educational scholarship or a tuition grant for the purposes of section 20-224.06 or 43-1183 in an amount that exceeds ~~four thousand two hundred dollars~~ \$4,200 for students in a ~~disabled preschool or~~ kindergarten program, IN A PRESCHOOL THAT OFFERS SERVICES TO STUDENTS WITH DISABILITIES or IN grades one through eight or ~~five thousand five hundred dollars~~ \$5,500 for students in grades nine through twelve. In each year after 2006, the ~~limitation~~ LIMIT amount for a scholarship or a grant under this subsection shall be increased by ~~one hundred dollars~~ \$100. BEGINNING IN 2020, THE SCHOLARSHIP OR GRANT LIMIT FOR ANY QUALITY PRESCHOOL PROGRAM IS THE 2019 SCHOLARSHIP LIMIT FOR A PRESCHOOL THAT OFFERS SERVICES TO STUDENTS WITH DISABILITIES PLUS \$100 AND SHALL INCREASE ANNUALLY PURSUANT TO THIS SUBSECTION.

D. A school tuition organization shall require that student beneficiaries use the educational scholarships or tuition grants on a full-time basis. If a child leaves the school before completing an entire school year, the school shall refund a prorated amount of the educational scholarship or tuition grant to the school tuition organization that issued the scholarship or grant. The school tuition organization shall allocate any refunds it receives under this subsection for educational scholarships or tuition grants.

E. Students who receive an educational scholarship or tuition grant under this section shall be allowed to attend any qualified school of their parents' choice.

F. The department of revenue, with the cooperation of the department of insurance, shall adopt rules and publish and prescribe forms and procedures necessary ~~for the administration of~~ TO ADMINISTER this section.

1 Sec. 3. Section 43-1601, Arizona Revised Statutes, is amended to
2 read:

3 43-1601. Definitions

4 In this chapter, unless the context otherwise requires:

5 1. "Allocate" includes reserving ~~money~~ MONIES for an award of a
6 multiyear educational scholarship or tuition grant for a specific student.

7 2. "Fiscal year" means the fiscal year of the state as prescribed
8 in section 35-102.

9 3. "Qualified school" means a preschool that offers services to
10 students with disabilities, QUALITY PRESCHOOL PROGRAM, nongovernmental
11 primary school or secondary school that is located in this state, ~~and~~ that
12 does not discriminate on the basis of race, color, disability, familial
13 status or national origin and that requires all teaching staff and
14 personnel that have unsupervised contact with students to be
15 fingerprinted. Qualified school does not include a charter school or
16 programs operated by a charter school.

17 4. "QUALITY PRESCHOOL PROGRAM" MEANS A PRESCHOOL PROGRAM THAT IS
18 ACCREDITED BY A NATIONAL EARLY CHILDHOOD DEVELOPMENT ORGANIZATION OR THAT
19 IS RATED AT A QUALITY LEVEL OF THREE OR HIGHER BY THE ARIZONA EARLY
20 CHILDHOOD DEVELOPMENT AND HEALTH BOARD ESTABLISHED BY TITLE 8, CHAPTER 13.

21 ~~4.~~ 5. "Students with disabilities" means students who have any of
22 the following conditions:

23 (a) Hearing impairment.

24 (b) Visual impairment.

25 (c) Developmental delay.

26 (d) Preschool severe delay.

27 (e) Speech/language impairment.

28 Sec. 4. Section 43-1603, Arizona Revised Statutes, is amended to
29 read:

30 43-1603. Operational requirements for school tuition
31 organizations; notice; qualified schools

32 A. A certified school tuition organization must be established to
33 receive contributions from taxpayers for the purposes of income tax
34 credits under sections 43-1089 and 43-1089.03 and to pay educational
35 scholarships or tuition grants to allow students to attend any qualified
36 school of their parents' choice.

37 B. To be eligible for certification and retain certification, the
38 school tuition organization:

39 1. Must allocate at least ninety percent of its annual revenue from
40 contributions made for the purposes of sections 43-1089 and 43-1089.03 for
41 educational scholarships or tuition grants.

42 2. Shall not limit the availability of educational scholarships or
43 tuition grants to only students of one school.

1 3. May allow donors to recommend student beneficiaries, but shall
2 not award, designate or reserve scholarships solely on the basis of donor
3 recommendations.

4 4. Shall not allow donors to designate student beneficiaries as a
5 condition of any contribution to the organization, or facilitate,
6 encourage or knowingly ~~permit~~ ALLOW the exchange of beneficiary student
7 designations in violation of section 43-1089, subsection F, section
8 43-1089.03, subsection F and SECTION 43-1089.04, subsection E.

9 5. Shall include on the organization's website, if one exists, the
10 percentage and total dollar amount of educational scholarships and tuition
11 grants awarded during the previous fiscal year to:

12 (a) Students whose family income meets the economic eligibility
13 requirements established under the national school lunch and child
14 nutrition acts (42 United States Code sections 1751 through 1785) for free
15 or reduced-price lunches.

16 (b) Students whose family income exceeds the threshold prescribed
17 by subdivision (a) of this paragraph but does not exceed one hundred
18 eighty-five percent of the economic eligibility requirements established
19 under the national school lunch and child nutrition acts (42 United States
20 Code sections 1751 through 1785) for free or reduced-price lunches.

21 6. Must not award educational scholarships or tuition grants to
22 students who are simultaneously enrolled in a district school or charter
23 school and a qualified school.

24 C. A school tuition organization shall include the following notice
25 in any printed materials soliciting donations, in applications for
26 scholarships and on its website, if one exists:

27 Notice

28 A school tuition organization cannot award, restrict or
29 reserve scholarships solely on the basis of a donor's
30 recommendation.

31 A taxpayer may not claim a tax credit if the taxpayer
32 agrees to swap donations with another taxpayer to benefit
33 either taxpayer's own dependent.

34 D. In evaluating applications and awarding, designating or
35 reserving scholarships, a school tuition organization:

36 1. Shall not award, designate or reserve a scholarship solely on
37 the recommendation of any person contributing money to the organization,
38 but may consider the recommendation among other factors.

39 2. Shall consider the financial need of applicants.

40 E. A taxpayer's contribution to a school tuition organization that
41 exceeds the amount of the credit allowed by section 43-1089 but does not
42 exceed the amount of the credit allowed by section 43-1089.03 is
43 considered a contribution pursuant to section 43-1089.03. A school
44 tuition organization must use at least ninety percent of contributions

1 made pursuant to section 43-1089.03 for educational scholarships or
2 tuition grants for students to whom any of the following applies:

3 1. Attended a governmental primary or secondary school as full-time
4 students as defined in section 15-901, ~~or attended~~ a preschool ~~program~~
5 that offers services to students with disabilities at a governmental
6 school ~~OR A PRESCHOOL PROGRAM AT A GOVERNMENT SCHOOL~~ for at least ninety
7 days of the prior fiscal year and transferred from a governmental school
8 to a qualified school.

9 2. Enroll in a qualified school in a kindergarten program, ~~or~~ a
10 preschool ~~program~~ that offers services to students with disabilities ~~OR A~~
11 ~~QUALITY PRESCHOOL PROGRAM~~.

12 3. Are the dependent of a member of the armed forces of the United
13 States who is stationed in this state pursuant to military orders.

14 4. Received an educational scholarship or tuition grant under
15 paragraph 1, 2 or 3 of this subsection or under chapter 15 of this title
16 if the student continues to attend a qualified school in a subsequent
17 year, ~~EXCEPT THAT STUDENTS WHO RECEIVED AN EDUCATIONAL SCHOLARSHIP OR~~
18 ~~TUITION GRANT TO ATTEND A QUALITY PRESCHOOL PROGRAM ARE NOT ELIGIBLE TO~~
19 ~~RECEIVE AN EDUCATIONAL SCHOLARSHIP OR TUITION GRANT UNDER THIS PARAGRAPH~~
20 ~~FOR A KINDERGARTEN PROGRAM IN A SUBSEQUENT YEAR~~.

21 F. In awarding educational scholarships or tuition grants from
22 contributions made pursuant to section 43-1089.03, a school tuition
23 organization shall give priority to students and siblings of students on a
24 waiting list for scholarships if the school tuition organization maintains
25 a waiting list.

26 G. If an individual educational scholarship or tuition grant
27 exceeds the school's tuition, the amount in excess shall be returned to
28 the school tuition organization that made the award or grant. The school
29 tuition organization may allocate the returned monies as a multiyear award
30 for that student and report the award pursuant to section 43-1604,
31 paragraph 5, subdivision (b) or may allocate the returned monies for
32 educational scholarships or tuition grants for other students.