

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

CHAPTER 281
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.

APPROVED BY THE GOVERNOR JUNE 6, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 6, 2019.