

State of Arizona
Senate
Fifty-fourth Legislature
Second Regular Session
2020

CHAPTER 10
SENATE BILL 1100

AN ACT

AMENDING SECTIONS 43-1506, 43-1603 AND 43-1604, 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 43-1506, Arizona Revised Statutes, is amended to
3 read:

4 43-1506. Annual report: posting

5 A. On or before September 30 of each year, each school tuition
6 organization shall report electronically to the department, in a form
7 prescribed by the department, the following information, separately
8 compiled and identified for the purposes of sections 20-224.06, 20-224.07,
9 43-1183 and 43-1184:

10 1. The name, address and contact person of the school tuition
11 organization.

12 2. The total number of contributions received during the previous
13 fiscal year.

14 3. The total dollar amount of contributions received during the
15 previous fiscal year.

16 4. The total number of children awarded educational scholarships or
17 tuition grants during the previous fiscal year.

18 5. The total dollar amount of:

19 (a) Educational scholarships and tuition grants distributed during
20 the previous fiscal year.

21 (b) ~~Money~~ MONIES being held for identified students' scholarships
22 and tuition grants in future years.

23 6. The cost of audits pursuant to section 43-1507 paid during the
24 fiscal year.

25 7. The percentage and total dollar amount of educational
26 scholarships and tuition grants awarded during the previous fiscal year
27 to:

28 (a) Students whose family income meets the economic eligibility
29 requirements established under the national school lunch and child
30 nutrition acts (42 United States Code sections 1751 through ~~1785~~ 1793) for
31 free or reduced-price lunches.

32 (b) Students whose family income exceeds the threshold prescribed
33 by subdivision (a) of this paragraph but does not exceed one hundred
34 eighty-five percent of the economic eligibility requirements established
35 under the national school lunch and child nutrition acts (42 United States
36 Code sections 1751 through ~~1785~~ 1793) for free or reduced-price lunches.

37 8. For each school to which educational scholarships or tuition
38 grants were awarded:

39 (a) The name and address of the school.

40 (b) The number of educational scholarships and tuition grants
41 awarded during the previous fiscal year.

42 (c) The total dollar amount of educational scholarships and tuition
43 grants awarded during the previous fiscal year.

1 9. The names, job titles and annual salaries of the three employees
2 who receive the highest annual salaries from the school tuition
3 organization.

4 B. THE DEPARTMENT SHALL POST ON ITS WEBSITE A REPORT OF THE
5 INFORMATION IT RECEIVES PURSUANT TO SUBSECTION A OF THIS SECTION ON OR
6 BEFORE MARCH 31 OF THE CALENDAR YEAR FOLLOWING THE YEAR IN WHICH THE
7 INFORMATION IS RECEIVED.

8 Sec. 2. Section 43-1603, Arizona Revised Statutes, is amended to
9 read:

10 43-1603. Operational requirements for school tuition
11 organizations; notice; qualified schools

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

17 B. To be eligible for certification and retain certification, the
18 school tuition organization:

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

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

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

27 4. Shall not allow donors to designate student beneficiaries as a
28 condition of any contribution to the organization, or facilitate,
29 encourage or knowingly permit the exchange of beneficiary student
30 designations in violation of section 43-1089, subsection F, section
31 43-1089.03, subsection F and SECTION 43-1089.04, subsection E.

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

35 (a) Students whose family income meets the economic eligibility
36 requirements established under the national school lunch and child
37 nutrition acts (42 United States Code sections 1751 through ~~1785~~ 1793) for
38 free or reduced-price lunches.

39 (b) Students whose family income exceeds the threshold prescribed
40 by subdivision (a) of this paragraph but does not exceed one hundred
41 eighty-five percent of the economic eligibility requirements established
42 under the national school lunch and child nutrition acts (42 United States
43 Code sections 1751 through ~~1785~~ 1793) for free or reduced-price lunches.

1 6. Must not award educational scholarships or tuition grants to
2 students who are simultaneously enrolled in a district school or charter
3 school and a qualified school.

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

7 Notice

8 A school tuition organization cannot award, restrict or
9 reserve scholarships solely on the basis of a donor's
10 recommendation.

11 A taxpayer may not claim a tax credit if the taxpayer
12 agrees to swap donations with another taxpayer to benefit
13 either taxpayer's own dependent.

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

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

19 2. Shall consider the financial need of applicants.

20 E. A taxpayer's contribution to a school tuition organization that
21 exceeds the amount of the credit allowed by section 43-1089 but does not
22 exceed the amount of the credit allowed by section 43-1089.03 is
23 considered a contribution pursuant to section 43-1089.03. A school
24 tuition organization must use at least ninety percent of contributions
25 made pursuant to section 43-1089.03 for educational scholarships or
26 tuition grants for students to whom any of the following applies:

27 1. Attended a governmental primary or secondary school as full-time
28 students as defined in section 15-901 or attended a preschool program that
29 offers services to students with disabilities at a governmental school for
30 at least ninety days of the prior fiscal year and transferred from a
31 governmental school to a qualified school.

32 2. Enroll in a qualified school in a kindergarten program or a
33 preschool program that offers services to students with disabilities.

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

36 4. Received an educational scholarship or tuition grant under
37 paragraph 1, 2 or 3 of this subsection or under chapter 15 of this title
38 if the student continues to attend a qualified school in a subsequent
39 year.

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

1 G. If an individual educational scholarship or tuition grant
2 exceeds the school's tuition, the amount in excess shall be returned to
3 the school tuition organization that made the award or grant. The school
4 tuition organization may allocate the returned monies as a multiyear award
5 for that student and report the award pursuant to section 43-1604,
6 **SUBSECTION A**, paragraph 5, subdivision (b) or may allocate the returned
7 monies for educational scholarships or tuition grants for other students.

8 Sec. 3. Section 43-1604, Arizona Revised Statutes, is amended to
9 read:

10 **43-1604. Annual report: posting**

11 **A.** On or before September 30 of each year, each school tuition
12 organization shall report electronically to the department, in a form
13 prescribed by the department, the following information, separately
14 compiled and identified for the purposes of sections 43-1089 and
15 43-1089.03:

16 1. The name, address and contact person of the school tuition
17 organization.

18 2. The total number of contributions received during the previous
19 fiscal year.

20 3. The total dollar amount of contributions received during the
21 previous fiscal year.

22 4. The total number of children awarded educational scholarships or
23 tuition grants during the previous fiscal year.

24 5. The total dollar amount of:

25 (a) Educational scholarships and tuition grants distributed during
26 the previous fiscal year.

27 (b) Money being held for identified students' scholarships and
28 tuition grants in future years.

29 6. The cost of audits pursuant to section 43-1605 paid during the
30 fiscal year.

31 7. The total dollar amount of educational scholarships and tuition
32 grants awarded during the previous fiscal year to:

33 (a) Students whose family income meets the economic eligibility
34 requirements established under the national school lunch and child
35 nutrition acts (42 United States Code sections 1751 through ~~1785~~ 1793) for
36 free or ~~reduced-price~~ **REDUCED-PRICE** lunches.

37 (b) Students whose family income exceeds the threshold prescribed
38 by subdivision (a) of this paragraph but does not exceed one hundred
39 eighty-five ~~percent~~ **PERCENT** of the economic eligibility requirements
40 established under the national school lunch and child nutrition acts (42
41 United States Code sections 1751 through ~~1785~~ 1793) for free or ~~reduced~~
42 ~~price~~ **REDUCED-PRICE** lunches.

1 8. For each school to which educational scholarships or tuition
2 grants were awarded:

3 (a) The name and address of the school.

4 (b) The number of educational scholarships and tuition grants
5 awarded during the previous fiscal year.

6 (c) The total dollar amount of educational scholarships and tuition
7 grants awarded during the previous fiscal year.

8 9. The names, job titles and annual salaries of the three employees
9 who receive the highest annual salaries from the school tuition
10 organization.

11 B. THE DEPARTMENT SHALL POST ON ITS WEBSITE A REPORT OF THE
12 INFORMATION IT RECEIVES PURSUANT TO SUBSECTION A OF THIS SECTION ON OR
13 BEFORE MARCH 31 OF THE CALENDAR YEAR FOLLOWING THE YEAR IN WHICH THE
14 INFORMATION IS RECEIVED.

APPROVED BY THE GOVERNOR MARCH 20, 2020.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 20, 2020.