



Bill Number: H.B. 2278

Livingston Floor Amendment

Reference to: APPROPRIATIONS Committee amendment

Amendment drafted by: Leg Council

FLOOR AMENDMENT EXPLANATION

1. Prohibits a school tuition organization (STO) from issuing an educational scholarship or tuition grant that exceeds the amount of the school's tuition.
2. Replaces the TY 2023 increase of the individual Credit for Contributions to STOs with an increase, beginning January 1, 2023, of the cap on the individual Credit for Contributions to STOs from:
 - a. \$1,243 to \$1,493 in any taxable year for a single individual or head of household; and
 - b. \$2,483 to \$2,983 in any taxable year for a married couple filing jointly.
3. Delays, until January 1, 2023, the repeal of the individual Credit for Contributions to Certified STOs.
4. Delays, until FY 2023, the increase of the aggregate cap for the corporate Credit for Contributions to STOs for Displaced or Disabled Students
5. Suspends, until TY 2024, the requirement for the Arizona Department of Revenue to annually adjust the amount of the individual Credit for Contributions to STOs.
6. Specifies that any contributions made for the individual Credit for Contributions to Certified STOs not allocated before January 1, 2023, are subject to statutes currently governing the contributions.
7. Requires each STO, for any contributions not allocated before January 1, 2023, to include the statutorily required contribution information in their annual report.
8. Adds a savings clause.

Amendment explanation prepared by Molly Graver

06/22/2022

LIVINGSTON FLOOR AMENDMENT

SENATE AMENDMENTS TO H.B. 2278

(Reference to APPROPRIATIONS Committee amendment)

1 Strike page 5

2 Page 6, strike lines 1 through 19, insert:

3 "Sec. 3. Section 43-1089, Arizona Revised Statutes, is amended to
4 read:

5 43-1089. Credit for contributions to school tuition
6 organization

7 A. A credit is allowed against the taxes imposed by this title for
8 the amount of voluntary cash contributions by the taxpayer or on the
9 taxpayer's behalf pursuant to section 43-401, subsection G during the
10 taxable year to a school tuition organization that is certified pursuant to
11 chapter 16 of this title at the time of donation. Except as provided by
12 subsection C of this section, the amount of the credit shall not exceed:

13 1. ~~Five hundred dollars~~ \$500 in any taxable year THROUGH
14 DECEMBER 31, 2022 for a single individual or a head of household.

15 2. ~~One thousand dollars~~ \$1,000 in any taxable year THROUGH
16 DECEMBER 31, 2022 for a married couple filing a joint return.

17 3. \$1,493 IN ANY TAXABLE YEAR BEGINNING FROM AND AFTER DECEMBER 31,
18 2022 FOR A SINGLE INDIVIDUAL OR A HEAD OF HOUSEHOLD.

19 4. \$2,983 IN ANY TAXABLE YEAR BEGINNING FROM AND AFTER DECEMBER 31,
20 2022 FOR A MARRIED COUPLE FILING A JOINT RETURN.

21 B. A husband and wife who file separate returns for a taxable year
22 in which they could have filed a joint return may each claim only one-half
23 of the tax credit that would have been allowed for a joint return.

24 C. For each taxable year ~~beginning on or after January 1~~, the
25 department shall adjust the dollar amounts prescribed by subsection A,
26 paragraphs 1 and 2 of this section THROUGH DECEMBER 31, 2022 AND SUBSECTION

1 A, PARAGRAPHS 3 AND 4 OF THIS SECTION BEGINNING FROM AND AFTER DECEMBER 31,
2 2023 according to the average annual change in the metropolitan Phoenix
3 consumer price index published by the United States DEPARTMENT OF LABOR,
4 bureau of labor statistics, except that the dollar amounts shall not be
5 revised downward below the amounts allowed in the prior taxable year. The
6 revised dollar amounts shall be raised to the nearest whole dollar.

7 D. If the allowable tax credit exceeds the taxes otherwise due under
8 this title on the claimant's income, or if there are no taxes due under
9 this title, the taxpayer may carry the amount of the claim not used to
10 offset the taxes under this title forward for not more than five
11 consecutive taxable years' income tax liability.

12 E. The credit allowed by this section is in lieu of any deduction
13 pursuant to section 170 of the internal revenue code and taken for state
14 tax purposes.

15 F. The tax credit is not allowed if the taxpayer designates the
16 taxpayer's contribution to the school tuition organization for the direct
17 benefit of any dependent of the taxpayer or if the taxpayer designates a
18 student beneficiary as a condition of the taxpayer's contribution to the
19 school tuition organization. The tax credit is not allowed if the
20 taxpayer, with the intent to benefit the taxpayer's dependent, agrees with
21 one or more other taxpayers to designate each taxpayer's contribution to
22 the school tuition organization for the direct benefit of the other
23 taxpayer's dependent.

24 G. For the purposes of this section, a contribution, for which a
25 credit is claimed, that is made on or before the fifteenth day of the
26 fourth month following the close of the taxable year may be applied to
27 either the current or preceding taxable year and is considered to have been
28 made on the last day of that taxable year."

29 Page 6, line 20, strike "Repeal" insert "Delayed repeal"

30 Line 21, after "repealed" insert "from and after December 31, 2022"

31 Strike lines 22 through 31

1 Strike page 7

2 Page 8, strike lines 1 through 27, insert:

3 "Sec. 5. Section 43-1184, Arizona Revised Statutes, is amended to
4 read:

5 43-1184. Credit for contributions to school tuition
6 organization; displaced students; students with
7 disabilities

8 A. Beginning from and after June 30, 2009, a credit is allowed
9 against the taxes imposed by this title for the amount of voluntary cash
10 contributions made by the taxpayer during the taxable year to a school
11 tuition organization that is certified pursuant to chapter 15 of this title
12 at the time of donation.

13 B. The amount of the credit is the total amount of the taxpayer's
14 contributions for the taxable year under subsection A of this section and
15 is preapproved by the department of revenue pursuant to subsection D of
16 this section.

17 C. The department of revenue:

18 1. Shall not allow tax credits under this section and section
19 20-224.07 that exceed in the aggregate a combined total of \$5,000,000 in
20 any fiscal year through fiscal year 2020-2021. ~~Beginning in~~ FOR fiscal
21 year 2021-2022, the aggregate dollar amount of the tax credits allowed is
22 \$6,000,000 ~~in any fiscal year~~. FOR FISCAL YEAR 2022-2023, THE AGGREGATE
23 DOLLAR AMOUNT OF THE TAX CREDITS ALLOWED IS \$8,000,000. BEGINNING IN
24 FISCAL YEAR 2023-2024 AND EACH FISCAL YEAR THEREAFTER, THE AGGREGATE DOLLAR
25 AMOUNT OF THE TAX CREDIT CAP FROM THE PREVIOUS FISCAL YEAR SHALL BE
26 INCREASED BY TWO PERCENT.

27 2. Shall preapprove tax credits under this section and section
28 20-224.07 subject to subsection D of this section.

29 3. Shall allow the tax credits under this section and section
30 20-224.07 on a first-come, first-served basis.

1 D. For the purposes of subsection C, paragraph 2 of this section,
2 before making a contribution to a school tuition organization, the taxpayer
3 under this title or title 20 must notify the school tuition organization of
4 the total amount of contributions that the taxpayer intends to make to the
5 school tuition organization. Before accepting the contribution, the school
6 tuition organization shall request preapproval from the department of
7 revenue for the taxpayer's intended contribution amount. The department of
8 revenue shall preapprove or deny the requested amount within twenty days
9 after receiving the request from the school tuition organization. If the
10 department of revenue preapproves the request, the school tuition
11 organization shall immediately notify the taxpayer that the requested
12 amount was preapproved by the department of revenue. In order to receive a
13 tax credit under this subsection, the taxpayer shall make the contribution
14 to the school tuition organization within twenty days after receiving
15 notice from the school tuition organization that the requested amount was
16 preapproved. If the school tuition organization does not receive the
17 preapproved contribution from the taxpayer within the required twenty days,
18 the school tuition organization shall immediately notify the department of
19 revenue and the department shall no longer include this preapproved
20 contribution amount when calculating the limit prescribed in subsection C,
21 paragraph 1 of this section.

22 E. If the allowable tax credit exceeds the taxes otherwise due under
23 this title on the claimant's income, or if there are no taxes due under
24 this title, the taxpayer may carry the amount of the claim not used to
25 offset the taxes under this title forward for not more than five
26 consecutive taxable years' income tax liability.

27 F. Co-owners of a business, including corporate partners in a
28 partnership and stockholders of an S corporation as defined in section 1361
29 of the internal revenue code, may each claim only the pro rata share of the
30 credit allowed under this section based on the ownership interest. The

1 total of the credits allowed all such owners may not exceed the amount that
2 would have been allowed a sole owner.

3 G. The credit allowed by this section is in lieu of any deduction
4 pursuant to section 170 of the internal revenue code and taken for state
5 tax purposes.

6 H. A taxpayer shall not claim a credit under this section and also
7 under section 43-1183 with respect to the same contribution.

8 I. The tax credit is not allowed if the taxpayer designates the
9 taxpayer's contribution to the school tuition organization for the direct
10 benefit of any specific student.

11 J. The department of revenue shall adopt rules necessary to
12 administer this section."

13 Page 13, between lines 3 and 4, insert:

14 "C. A SCHOOL TUITION ORGANIZATION MAY NOT ISSUE AN EDUCATIONAL
15 SCHOLARSHIP OR TUITION GRANT THAT EXCEEDS THE AMOUNT OF THE SCHOOL'S
16 TUITION."

17 Reletter to conform

18 Page 21, between lines 7 and 8, insert:

19 "Sec. 13. Applicability; use of revenues; reporting

20 A. The repeal of section 43-1089.03, Arizona Revised Statutes, by
21 this act, applies to taxable years beginning from and after December 31,
22 2022.

23 B. Any revenues from contributions made for the purposes of section
24 43-1089.03, Arizona Revised Statutes, as repealed by this act, that have
25 not been allocated before January 1, 2023 are subject to the provisions of
26 title 43, chapter 16, Arizona Revised Statutes, as if the contributions
27 were made pursuant to section 43-1089, Arizona Revised Statutes, as amended
28 by this act.

29 C. Each school tuition organization shall include in the annual
30 report prepared pursuant to section 43-1604, Arizona Revised Statutes, as
31 amended by this act, all of the information required by section 43-1604,

1 Arizona Revised Statutes, as amended by this act, for the revenues relating
2 to the contributions made for the purposes of section 43-1089.03, Arizona
3 Revised Statutes, as repealed by this act, that have not been allocated
4 before January 1, 2023.

5 Sec. 14. Saving clause

6 The repeal of the income tax credit under section 43-1089.03, Arizona
7 Revised Statutes, as repealed by this act, does not affect the continuing
8 validity of any amount of the credit carried forward from previous taxable
9 years for application against subsequent tax liabilities as allowed by
10 prior law."

11 Amend title to conform

DAVID LIVINGSTON

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