

REFERENCE TITLE: federal tax credit; authorization; scholarships

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1142

Introduced by
Senator Bolick

AN ACT

AMENDING TITLE 43, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 18;
RELATING TO SCHOLARSHIP ORGANIZATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 43, Arizona Revised Statutes, is amended by adding
3 chapter 18, to read:

4 CHAPTER 18

5 SCHOLARSHIP GRANTING ORGANIZATIONS

6 ARTICLE 1. GENERAL PROVISIONS

7 43-1801. State election to participate; federal tax credit
8 for individual contributions to scholarship
9 granting organizations

10 A. THIS STATE ELECTS TO PARTICIPATE IN THE FEDERAL TAX CREDIT
11 ESTABLISHED BY SECTION 25F OF THE INTERNAL REVENUE CODE FOR INDIVIDUALS
12 WHO MAKE QUALIFIED CONTRIBUTIONS TO SCHOLARSHIP GRANTING ORGANIZATIONS.

13 B. THE DEPARTMENT SHALL COMPLY WITH ALL FEDERAL LAWS AND
14 REGULATIONS TO ADMINISTER THE FEDERAL TAX CREDIT ESTABLISHED BY SECTION
15 25F OF THE INTERNAL REVENUE CODE TO ENSURE THIS STATE IS ELIGIBLE TO
16 PARTICIPATE IN TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2026
17 AND ANNUALLY SUBMIT ALL OF THE REQUIRED INFORMATION TO THE UNITED STATES
18 SECRETARY OF THE TREASURY FOR PARTICIPATION.

19 43-1802. Scholarship granting organizations; certification;
20 list; rules

21 A. A NONPROFIT ORGANIZATION IN THIS STATE THAT IS EXEMPT OR THAT
22 HAS APPLIED FOR EXEMPTION FROM FEDERAL TAXATION UNDER SECTION 501(c)(3) OF
23 THE INTERNAL REVENUE CODE MAY APPLY TO THE DEPARTMENT FOR CERTIFICATION AS
24 A SCHOLARSHIP GRANTING ORGANIZATION, AND THE DEPARTMENT SHALL CERTIFY THAT
25 THE SCHOLARSHIP GRANTING ORGANIZATION MEETS THE REQUIREMENTS OF SECTION
26 25F OF THE INTERNAL REVENUE CODE AND THE APPLICABLE REGULATIONS OR
27 GUIDANCE ISSUED BY THE UNITED STATES SECRETARY OF THE TREASURY.

28 B. ON OR BEFORE JANUARY 1 OF EACH YEAR, THE DEPARTMENT SHALL:

29 1. SUBMIT TO THE UNITED STATES SECRETARY OF THE TREASURY A LIST OF
30 THE SCHOLARSHIP GRANTING ORGANIZATIONS THAT ARE CERTIFIED PURSUANT TO THIS
31 SECTION AND THAT ARE LOCATED IN THIS STATE.

32 2. POST THE LIST SUBMITTED PURSUANT TO PARAGRAPH 1 OF THIS
33 SUBSECTION ON THE DEPARTMENT'S OFFICIAL WEBSITE.

34 C. THE DEPARTMENT SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS
35 AND PROCEDURES NECESSARY TO ADMINISTER THIS SECTION.

36 43-1803. Scholarships

37 FROM AND AFTER DECEMBER 31, 2026, A SCHOLARSHIP GRANTING
38 ORGANIZATION THAT IS CERTIFIED BY THE DEPARTMENT AND ON THE LIST SUBMITTED
39 PURSUANT TO SECTION 43-1802, SUBSECTION B, PARAGRAPH 1 MAY PROVIDE
40 SCHOLARSHIPS TO ELIGIBLE STUDENTS FOR ANY QUALIFIED ELEMENTARY OR
41 SECONDARY EDUCATION EXPENSES TO THE EXTENT ALLOWED UNDER FEDERAL LAW.