

REFERENCE TITLE: public school tax credit; increase

State of Arizona  
House of Representatives  
Fifty-second Legislature  
First Regular Session  
2015

## **HB 2232**

Introduced by  
Representatives Friese, Bolding, Cardenas, Mach, Sherwood, Steele:  
Fernandez, Gabaldón, Gonzales, Lawrence

AN ACT

AMENDING SECTION 43-1089.01, ARIZONA REVISED STATUTES; RELATING TO PUBLIC SCHOOL TAX CREDIT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 43-1089.01, Arizona Revised Statutes, is amended to  
3 read:

4 43-1089.01. Tax credit; public school fees and contributions;  
5 transfer to public school needs fund; definitions

6 A. A credit is allowed against the taxes imposed by this title for the  
7 amount of any fees or cash contributions by a taxpayer or on the taxpayer's  
8 behalf pursuant to section 43-401, subsection G during the taxable year to a  
9 public school located in this state for the support of extracurricular  
10 activities or character education programs of the public school, but not  
11 exceeding:

12 1. ~~Two~~ FIVE hundred dollars for a single individual or a head of  
13 household.

14 2. Three hundred dollars in taxable year 2005 for a married couple  
15 filing a joint return.

16 3. Four hundred dollars in taxable year 2006 ~~and any subsequent~~  
17 THROUGH taxable year 2015 for a married couple filing a joint return.

18 4. ONE THOUSAND DOLLARS IN TAXABLE YEAR 2016 AND ANY SUBSEQUENT  
19 TAXABLE YEAR FOR A MARRIED COUPLE FILING A JOINT RETURN.

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

23 C. The credit allowed by this section is in lieu of any deduction  
24 pursuant to section 170 of the internal revenue code and taken for state tax  
25 purposes.

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

31 E. The site council of the public school that receives contributions  
32 that are not designated for a specific purpose shall determine how the  
33 contributions are used at the school site. If a charter school does not have  
34 a site council, the principal, director or chief administrator of the charter  
35 school shall determine how the contributions that are not designated for a  
36 specific purpose are used at the school site. If at the end of a fiscal year  
37 a public school has unspent contributions that were previously designated for  
38 a specific purpose or program and that purpose or program has been  
39 discontinued or has not been used for two consecutive fiscal years, these  
40 contributions shall be considered undesignated in the following fiscal year  
41 for the purposes of this subsection.

42 ~~G.~~ F. A public school that receives fees or a cash contribution  
43 pursuant to subsection A of this section shall report to the department, in a

1 form prescribed by the department, by February 28 of each year the following  
2 information:

3 1. The total number of fee and cash contribution payments received  
4 during the previous calendar year.

5 2. The total dollar amount of fees and contributions received during  
6 the previous calendar year.

7 3. The total dollar amount of fees and contributions spent by the  
8 school during the previous calendar year, categorized by specific  
9 extracurricular activity or character education program.

10 G. FOR THE PURPOSES OF THIS SECTION, A CONTRIBUTION FOR WHICH A CREDIT  
11 IS CLAIMED AND THAT IS MADE ON OR BEFORE THE FIFTEENTH DAY OF THE FOURTH  
12 MONTH FOLLOWING THE CLOSE OF THE TAXABLE YEAR MAY BE APPLIED TO EITHER THE  
13 CURRENT OR PRECEDING TAXABLE YEAR AND IS CONSIDERED TO HAVE BEEN MADE ON THE  
14 LAST DAY OF THAT TAXABLE YEAR.

15 ~~G.~~ H. For the purposes of this section:

16 1. "Character education programs" means a program described in section  
17 15-719.

18 2. "Extracurricular activities" means school-sponsored activities that  
19 require enrolled students to pay a fee in order to participate, including  
20 fees for:

21 (a) Band uniforms.

22 (b) Equipment or uniforms for varsity athletic activities.

23 (c) Scientific laboratory materials.

24 (d) In-state or out-of-state trips that are solely for competitive  
25 events. Extracurricular activities do not include any senior trips or events  
26 that are recreational, amusement or tourist activities.

27 3. "Public school" means a school that is part of a school district, a  
28 joint technical education district or a charter school.