

REFERENCE TITLE: **scholarships; disabled or displaced students.**

State of Arizona  
Senate  
Forty-ninth Legislature  
Second Special Session  
2009

# **SB 1001**

Introduced by  
Senators Verschoor, Allen S, Burns, Gray C, Harper, Huppenthal

AN ACT

AMENDING SECTION 20-224, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-224.06; AMENDING SECTIONS 43-222 AND 43-1121, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1184; 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 20-224, Arizona Revised Statutes, is amended to  
3 read:

4 20-224. Premium tax

5 A. On or before March 1 of each year each authorized domestic insurer,  
6 each other insurer and each formerly authorized insurer referred to in  
7 section 20-206, subsection B, ~~shall~~ shall file with the director a report in a  
8 form prescribed by the director showing total direct premium income including  
9 policy membership and other fees and all other considerations for insurance  
10 from all classes of business whether designated as a premium or otherwise  
11 received by it during the preceding calendar year on account of policies and  
12 contracts covering property, subjects or risks located, resident or to be  
13 performed in this state, after deducting from such total direct premium  
14 income applicable cancellations, returned premiums, the amount of reduction  
15 in or refund of premiums allowed to industrial life policyholders for payment  
16 of premiums direct to an office of the insurer and all policy dividends,  
17 refunds, savings coupons and other similar returns paid or credited to  
18 policyholders within this state and not reapplied as premiums for new,  
19 additional or extended insurance. No deduction shall be made of the cash  
20 surrender values of policies or contracts. Considerations received on  
21 annuity contracts, as well as the unabsorbed portion of any premium deposit,  
22 shall not be included in total direct premium income, and neither shall be  
23 subject to tax. The report shall separately indicate the total direct  
24 premium income received from fire insurance premiums on property located in  
25 an incorporated city or town that procures the services of a private fire  
26 company.

27 B. Coincident with the filing of such tax report each insurer shall  
28 pay to the director for deposit, pursuant to sections 35-146 and 35-147, a  
29 tax of 2.0 per cent of such net premiums, except that the tax on fire  
30 insurance premiums on property located in an incorporated city or town which  
31 procures the services of a private fire company is .66 per cent, the tax on  
32 all other fire insurance premiums is 2.2 per cent and the tax on health care  
33 service and disability insurance premiums is as prescribed under sections  
34 20-837, 20-1010 and 20-1060. Any payments of tax pursuant to subsection E of  
35 this section shall be deducted from the tax payable pursuant to this  
36 subsection. Each insurer shall reflect the cost savings attributable to the  
37 lower tax in fire insurance premiums charged on property located in an  
38 incorporated city or town that procures the services of a private fire  
39 company.

40 C. Eighty-five per cent of the tax paid ~~hereunder~~ **UNDER THIS SECTION**  
41 by an insurer on account of premiums received for fire insurance shall be  
42 separately specified in the report and shall be apportioned in the manner  
43 provided by sections 9-951, 9-952 and 9-972, except that all of the tax so  
44 allocated to a fund of a municipality which has no volunteer fire fighters or  
45 pension obligations to volunteer fire fighters shall be appropriated to the

1 account of the municipality in the public safety personnel retirement system  
2 and all of the tax so allocated to a fund of a municipality which has both  
3 full-time paid fire fighters and volunteer fire fighters or pension  
4 obligations to full-time paid fire fighters or volunteer fire fighters shall  
5 be appropriated to the account of the municipality in the public safety  
6 personnel retirement system where it shall be reallocated by actuarial  
7 procedures proportionately to the municipality for the account of the  
8 full-time paid fire fighters and to the municipality for the account of the  
9 volunteer fire fighters. A full accounting of such reallocation shall be  
10 forwarded to the municipality and both local boards.

11 D. This section shall not apply to title insurance, and such insurers  
12 shall be taxed as provided in section 20-1566.

13 E. Any insurer which paid or is required to pay a tax of two thousand  
14 dollars or more on net premiums received during the preceding calendar year,  
15 pursuant to subsection B of this section and sections 20-224.01, 20-837,  
16 20-1010, 20-1060 and 20-1097.07, shall file on or before the fifteenth day of  
17 each month from March through August a report for that month, on a form  
18 prescribed by the director, accompanied by a payment in an amount equal to  
19 fifteen per cent of the amount paid or required to be paid during the  
20 preceding calendar year pursuant to subsection B of this section and sections  
21 20-224.01, 20-837, 20-1010, 20-1060 and 20-1097.07. The payments are due and  
22 payable on or before the fifteenth day of each month and shall be made to the  
23 director for deposit, pursuant to sections 35-146 and 35-147.

24 F. Except for the tax paid on fire insurance premiums pursuant to  
25 subsections B and C of this section, an insurer may claim a premium tax  
26 credit if the insurer qualifies for a credit pursuant to section 20-224.03,  
27 ~~OR~~ 20-224.04 OR 20-224.06.

28 Sec. 2. Title 20, chapter 2, article 1, Arizona Revised Statutes, is  
29 amended by adding section 20-224.06, to read:

30 20-224.06. Premium tax credit for contributions to school  
31 tuition organization

32 A. A CREDIT IS ALLOWED AGAINST THE PREMIUM TAX LIABILITY INCURRED BY  
33 AN INSURER PURSUANT TO SECTION 20-224, 20-837, 20-1010, 20-1060 OR 20-1097.07  
34 FOR THE AMOUNT OF VOLUNTARY CASH CONTRIBUTIONS MADE BY THE INSURER DURING THE  
35 TAX YEAR TO A SCHOOL TUITION ORGANIZATION.

36 B. THE AMOUNT OF THE CREDIT IS THE TOTAL AMOUNT OF THE INSURER'S  
37 CONTRIBUTIONS FOR THE TAX YEAR UNDER SUBSECTION A OF THIS SECTION THAT IS  
38 PREAPPROVED BY THE DEPARTMENT OF REVENUE PURSUANT TO SECTION 43-1184,  
39 SUBSECTION D.

40 C. THE PROCEDURES, CONDITIONS, LIMITATIONS, DEFINITIONS AND OTHER  
41 REQUIREMENTS PRESCRIBED BY SECTION 43-1184 APPLY TO:

- 42 1. INSURERS THAT CLAIM A CREDIT UNDER THIS SECTION.  
43 2. CLAIMS FOR CREDIT UNDER THIS SECTION.  
44 3. SCHOOL TUITION ORGANIZATIONS THAT RECEIVE CONTRIBUTIONS FROM  
45 INSURERS FOR THE PURPOSES OF THIS SECTION.

1 4. QUALIFIED SCHOOLS THAT PARTICIPATE UNDER THIS SECTION.  
2 5. STUDENTS WHO RECEIVE SCHOLARSHIPS FROM MONIES CONTRIBUTED BY  
3 INSURERS FOR THE PURPOSES OF THIS SECTION.

4 D. IF THE ALLOWABLE AMOUNT OF A CREDIT UNDER THIS SECTION EXCEEDS THE  
5 INSURER'S STATE PREMIUM TAX LIABILITY, THE AMOUNT OF THE CLAIM NOT USED TO  
6 OFFSET THE PREMIUM TAX LIABILITY MAY BE CARRIED FORWARD AS A CREDIT AGAINST  
7 THE INSURER'S SUBSEQUENT YEARS' PREMIUM TAX LIABILITY FOR A PERIOD NOT TO  
8 EXCEED FIVE TAXABLE YEARS.

9 E. A CREDIT IS NOT ALLOWED IF THE INSURER DESIGNATES THE CONTRIBUTION  
10 FOR THE DIRECT BENEFIT OF ANY SPECIFIC STUDENT.

11 F. AN INSURER THAT CLAIMS A TAX CREDIT AGAINST STATE PREMIUM TAX  
12 LIABILITY IS NOT REQUIRED TO PAY ANY ADDITIONAL RETALIATORY TAX IMPOSED  
13 PURSUANT TO SECTION 20-230 AS A RESULT OF CLAIMING THAT TAX CREDIT.

14 G. THE DEPARTMENT OF INSURANCE, WITH THE COOPERATION OF THE DEPARTMENT  
15 OF REVENUE, SHALL ADOPT RULES NECESSARY FOR THE ADMINISTRATION OF THIS  
16 SECTION.

17 Sec. 3. Section 43-222, Arizona Revised Statutes, is amended to read:  
18 43-222. Income tax credit review schedule

19 Each year the joint legislative income tax credit review committee  
20 shall review the following income tax credits:

21 1. In 2007, sections 43-1077, 43-1078, 43-1079, 43-1080, 43-1165,  
22 43-1166, 43-1167 and 43-1169.

23 2. In 2008, sections 43-1074.01, 43-1081, 43-1168, 43-1170 and  
24 43-1178.

25 3. In 2009, sections 43-1076, 43-1081.01, 43-1084, 43-1162 and  
26 43-1170.01.

27 4. In 2010, sections 43-1075, 43-1075.01, 43-1079.01, 43-1087,  
28 43-1088, 43-1090.01, 43-1163, 43-1163.01, 43-1167.01, 43-1175 and 43-1182.

29 5. In 2011, sections 43-1074.02, 43-1083, 43-1085, 43-1164 and  
30 43-1183.

31 6. In 2012, sections 43-1073, 43-1086, 43-1089, 43-1089.01,  
32 43-1089.02, 43-1090, 43-1176 and 43-1181.

33 7. IN 2014, SECTION 43-1184.

34 Sec. 4. Section 43-1121, Arizona Revised Statutes, is amended to read:  
35 43-1121. Additions to Arizona gross income; corporations

36 In computing Arizona taxable income for a corporation, the following  
37 amounts shall be added to Arizona gross income:

38 1. The amounts computed pursuant to section 43-1021, paragraphs 3  
39 through 9, 12, 26 and 27.

40 2. The amount of dividend income received from corporations and  
41 allowed as a deduction pursuant to sections 243, 244 and 245 of the internal  
42 revenue code.

43 3. Taxes which are based on income paid to states, local governments  
44 or foreign governments and which were deducted in computing federal taxable  
45 income.

1           4. Expenses and interest relating to tax-exempt income on indebtedness  
2 incurred or continued to purchase or carry obligations the interest on which  
3 is wholly exempt from the tax imposed by this title. Financial institutions,  
4 as defined in section 6-101, shall be governed by section 43-961,  
5 paragraph 2.

6           5. Commissions, rentals and other amounts paid or accrued to a  
7 domestic international sales corporation controlled by the payor corporation  
8 if the domestic international sales corporation is not required to report its  
9 taxable income to this state because its income is not derived from or  
10 attributable to sources within this state. If the domestic international  
11 sales corporation is subject to article 4 of this chapter, the department  
12 shall prescribe by rule the method of determining the portion of the  
13 commissions, rentals and other amounts which are paid or accrued to the  
14 controlled domestic international sales corporation and which shall be  
15 deducted by the payor. "Control" for purposes of this paragraph means direct  
16 or indirect ownership or control of fifty per cent or more of the voting  
17 stock of the domestic international sales corporation by the payor  
18 corporation.

19           6. Federal income tax refunds received during the taxable year to the  
20 extent they were deducted in arriving at Arizona taxable income in a previous  
21 year.

22           7. The amount of net operating loss taken pursuant to section 172 of  
23 the internal revenue code.

24           8. The amount of exploration expenses determined pursuant to section  
25 617 of the internal revenue code to the extent that they exceed seventy-five  
26 thousand dollars and to the extent that the election is made to defer those  
27 expenses not in excess of seventy-five thousand dollars.

28           9. Amortization of costs incurred to install pollution control devices  
29 and deducted pursuant to the internal revenue code or the amount of deduction  
30 for depreciation taken pursuant to the internal revenue code on pollution  
31 control devices for which an election is made pursuant to section 43-1129.

32           10. The amount of depreciation or amortization of costs of child care  
33 facilities deducted pursuant to section 167 or 188 of the internal revenue  
34 code for which an election is made to amortize pursuant to section 43-1130.

35           11. Arizona state income tax refunds received, to the extent the amount  
36 of the refunds is not already included in Arizona gross income, if a tax  
37 benefit was derived by deduction of this amount in a prior year.

38           12. The amount paid as taxes on property in this state by a qualified  
39 defense contractor with respect to which a credit is claimed under section  
40 43-1166.

41           13. The loss of an insurance company that is exempt under section  
42 43-1201 to the extent that it is included in computing Arizona gross income  
43 on a consolidated return pursuant to section 43-947.

44           14. The amount by which the depreciation or amortization computed under  
45 the internal revenue code with respect to property for which a credit was

1 taken under section 43-1169 exceeds the amount of depreciation or  
2 amortization computed pursuant to the internal revenue code on the Arizona  
3 adjusted basis of the property.

4 15. The amount by which the adjusted basis computed under the internal  
5 revenue code with respect to property for which a credit was claimed under  
6 section 43-1169 and which is sold or otherwise disposed of during the taxable  
7 year exceeds the adjusted basis of the property computed under section  
8 43-1169.

9 16. The amount by which the depreciation or amortization computed under  
10 the internal revenue code with respect to property for which a credit was  
11 taken under either section 43-1170 or 43-1170.01 exceeds the amount of  
12 depreciation or amortization computed pursuant to the internal revenue code  
13 on the Arizona adjusted basis of the property.

14 17. The amount by which the adjusted basis computed under the internal  
15 revenue code with respect to property for which a credit was claimed under  
16 either section 43-1170 or 43-1170.01 and which is sold or otherwise disposed  
17 of during the taxable year exceeds the adjusted basis of the property  
18 computed under section 43-1170 or 43-1170.01, as applicable.

19 18. The deduction referred to in section 1341(a)(4) of the internal  
20 revenue code for restoration of a substantial amount held under a claim of  
21 right.

22 19. The amount by which a capital loss carryover allowable pursuant to  
23 section 1341(b)(5) of the internal revenue code exceeds the capital loss  
24 carryover allowable pursuant to section 43-1130.01, subsection F.

25 20. Any amount deducted in computing Arizona taxable income as expenses  
26 for installing solar stub outs or electric vehicle recharge outlets in this  
27 state with respect to which a credit is claimed pursuant to section 43-1176.

28 21. Any wage expenses deducted pursuant to the internal revenue code  
29 for which a credit is claimed under section 43-1175 and representing net  
30 increases in qualified employment positions for employment of temporary  
31 assistance for needy families recipients.

32 22. Any amount of expenses that were deducted pursuant to the internal  
33 revenue code and for which a credit is claimed under section 43-1178.

34 23. Any amount deducted for conveying ownership or development rights  
35 of property to an agricultural preservation district under section 48-5702  
36 for which a credit is claimed under section 43-1180.

37 24. The amount of any deduction that is claimed in computing Arizona  
38 gross income and that represents a donation of a school site for which a  
39 credit is claimed under section 43-1181.

40 25. The amount of any deductions that are claimed in computing federal  
41 taxable income representing expenses for which a credit is claimed under  
42 either section 43-1163 or 43-1163.01 or both.

43 26. Any amount deducted in computing Arizona taxable income as expenses  
44 for installing water conservation system plumbing stub outs in this state  
45 with respect to which a credit is claimed pursuant to section 43-1182.



1 E. A SCHOOL TUITION ORGANIZATION THAT RECEIVES CONTRIBUTIONS UNDER  
2 THIS SECTION OR SECTION 20-224.06 SHALL ALLOW THE DEPARTMENT TO VERIFY THAT  
3 THE EDUCATIONAL SCHOLARSHIPS AND TUITION GRANTS THAT ARE ISSUED PURSUANT TO  
4 THIS SECTION ARE AWARDED TO QUALIFIED STUDENTS WHO ATTEND A QUALIFIED SCHOOL.

5 F. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER  
6 THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS  
7 TITLE, THE TAXPAYER MAY CARRY THE AMOUNT OF THE CLAIM NOT USED TO OFFSET THE  
8 TAXES UNDER THIS TITLE FORWARD FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE  
9 YEARS' INCOME TAX LIABILITY.

10 G. CO-OWNERS OF A BUSINESS, INCLUDING CORPORATE PARTNERS IN A  
11 PARTNERSHIP, MAY EACH CLAIM ONLY THE PRO RATA SHARE OF THE CREDIT ALLOWED  
12 UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS  
13 ALLOWED ALL SUCH OWNERS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN  
14 ALLOWED A SOLE OWNER.

15 H. THE CREDIT ALLOWED BY THIS SECTION IS IN LIEU OF ANY DEDUCTION  
16 PURSUANT TO SECTION 170 OF THE INTERNAL REVENUE CODE AND TAKEN FOR STATE TAX  
17 PURPOSES.

18 I. THE TAX CREDIT IS NOT ALLOWED IF THE TAXPAYER DESIGNATES THE  
19 TAXPAYER'S CONTRIBUTION TO THE SCHOOL TUITION ORGANIZATION FOR THE DIRECT  
20 BENEFIT OF ANY SPECIFIC STUDENT.

21 J. A SCHOOL TUITION ORGANIZATION THAT RECEIVES CONTRIBUTIONS UNDER  
22 THIS SECTION OR SECTION 20-224.06 SHALL USE AT LEAST NINETY PER CENT OF THOSE  
23 CONTRIBUTIONS TO PROVIDE EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS TO  
24 QUALIFIED STUDENTS WHO EITHER:

25 1. RECEIVED A GRANT OR SCHOLARSHIP UNDER TITLE 15, CHAPTER 8, ARTICLE  
26 1.2 OR 8 IN ORDER TO ATTEND A QUALIFIED SCHOOL DURING THE 2008-2009 ACADEMIC  
27 YEAR. IN FISCAL YEAR 2009-2010, THE SCHOOL TUITION ORGANIZATION SHALL GIVE  
28 PRIORITY TO QUALIFIED STUDENTS UNDER THIS PARAGRAPH BEFORE PROVIDING  
29 EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS UNDER PARAGRAPH 2 OF THIS  
30 SUBSECTION.

31 2. ATTENDED A GOVERNMENTAL PRIMARY OR SECONDARY SCHOOL AS A FULL-TIME  
32 STUDENT AS DEFINED IN SECTION 15-901 FOR AT LEAST THE FIRST ONE HUNDRED DAYS  
33 OF THE PRIOR FISCAL YEAR AND TRANSFERRED FROM A GOVERNMENTAL PRIMARY OR  
34 SECONDARY SCHOOL TO A QUALIFIED SCHOOL.

35 3. RECEIVED AN EDUCATIONAL SCHOLARSHIP OR TUITION GRANT UNDER  
36 PARAGRAPH 1 OR 2 OF THIS SUBSECTION IF THE QUALIFIED STUDENT CONTINUES TO  
37 ATTEND A QUALIFIED SCHOOL IN A SUBSEQUENT YEAR.

38 K. THE AMOUNT OF AN EDUCATIONAL SCHOLARSHIP OR A TUITION GRANT THAT IS  
39 ISSUED BY A SCHOOL TUITION ORGANIZATION UNDER THIS SECTION SHALL NOT EXCEED  
40 THE COST OF TUITION FOR THE STUDENT TO ATTEND THE QUALIFIED SCHOOL OR NINETY  
41 PER CENT OF THE AMOUNT OF STATE AID THAT OTHERWISE WOULD BE COMPUTED FOR THE  
42 STUDENT AS PROVIDED IN TITLE 15, CHAPTER 9, ARTICLE 5, WHICHEVER IS LESS. ON  
43 REQUEST FROM A SCHOOL TUITION ORGANIZATION, THE DEPARTMENT OF EDUCATION SHALL  
44 PROVIDE TO THE SCHOOL TUITION ORGANIZATION IN A TIMELY MANNER THE AMOUNT



1 COMPUTED FOR THE STUDENT UNDER THIS SUBSECTION THAT REPRESENTS THE NINETY PER  
2 CENT LIMITATION PRESCRIBED IN THIS SUBSECTION.

3 L. THE SCHOOL TUITION ORGANIZATION SHALL REQUIRE THAT THE QUALIFIED  
4 STUDENT USE THE EDUCATIONAL SCHOLARSHIP OR TUITION GRANT ON A FULL-TIME  
5 BASIS. IF A QUALIFIED STUDENT LEAVES THE QUALIFIED SCHOOL BEFORE COMPLETING  
6 AN ENTIRE SCHOOL YEAR, THE QUALIFIED SCHOOL SHALL REFUND A PRORATED AMOUNT OF  
7 THE EDUCATIONAL SCHOLARSHIP OR TUITION GRANT TO THE SCHOOL TUITION  
8 ORGANIZATION THAT ISSUED THE EDUCATIONAL SCHOLARSHIP OR TUITION GRANT TO THE  
9 STUDENT. ANY REFUNDS RECEIVED BY THE SCHOOL TUITION ORGANIZATION UNDER THIS  
10 SUBSECTION SHALL BE ALLOCATED FOR EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS  
11 TO QUALIFIED STUDENTS IN THE FOLLOWING YEAR.

12 M. QUALIFIED STUDENTS WHO RECEIVE EDUCATIONAL SCHOLARSHIPS OR TUITION  
13 GRANTS UNDER THIS SECTION SHALL BE ALLOWED TO ATTEND ANY QUALIFIED SCHOOL OF  
14 THEIR CUSTODIANS' CHOICE.

15 N. A SCHOOL TUITION ORGANIZATION THAT RECEIVES A VOLUNTARY CASH  
16 CONTRIBUTION PURSUANT TO THIS SECTION OR SECTION 20-224.06 SHALL REPORT TO  
17 THE DEPARTMENT OF REVENUE, IN A FORM PRESCRIBED BY THE DEPARTMENT OF REVENUE,  
18 BY JUNE 30 OF EACH YEAR THE FOLLOWING INFORMATION:

19 1. THE NAME, ADDRESS AND CONTACT NAME OF THE SCHOOL TUITION  
20 ORGANIZATION.

21 2. THE TOTAL NUMBER OF CONTRIBUTIONS RECEIVED DURING THE PREVIOUS  
22 CALENDAR YEAR, IDENTIFIED FOR THE PURPOSES OF THIS SECTION OR SECTION  
23 20-224.06.

24 3. THE TOTAL DOLLAR AMOUNT OF CONTRIBUTIONS RECEIVED DURING THE  
25 PREVIOUS CALENDAR YEAR, IDENTIFIED FOR THE PURPOSES OF THIS SECTION OR  
26 SECTION 20-224.06.

27 4. THE TOTAL NUMBER OF QUALIFIED STUDENTS AWARDED EDUCATIONAL  
28 SCHOLARSHIPS OR TUITION GRANTS DURING THE PREVIOUS CALENDAR YEAR.

29 5. THE TOTAL DOLLAR AMOUNT OF EDUCATIONAL SCHOLARSHIPS AND TUITION  
30 GRANTS AWARDED DURING THE PREVIOUS CALENDAR YEAR.

31 6. THE PERCENTAGE OF THE TOTAL DOLLAR AMOUNT OF EDUCATIONAL  
32 SCHOLARSHIPS AND TUITION GRANTS AWARDED TO STUDENTS DURING THE PREVIOUS  
33 CALENDAR YEAR FOR EACH PARAGRAPH UNDER SUBSECTION J OF THIS SECTION.

34 7. FOR EACH QUALIFIED SCHOOL TO WHICH EDUCATIONAL SCHOLARSHIPS OR  
35 TUITION GRANTS WERE AWARDED:

36 (a) THE NAME AND ADDRESS OF THE QUALIFIED SCHOOL.

37 (b) THE NUMBER OF EDUCATIONAL SCHOLARSHIPS AND TUITION GRANTS AWARDED  
38 DURING THE PREVIOUS CALENDAR YEAR.

39 (c) THE TOTAL DOLLAR AMOUNT OF EDUCATIONAL SCHOLARSHIPS AND TUITION  
40 GRANTS AWARDED DURING THE PREVIOUS CALENDAR YEAR.

41 8. VERIFICATION THAT AN INDEPENDENT REVIEW OF FINANCIAL STATEMENTS  
42 ACCORDING TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES WAS COMPLETED BY A  
43 CERTIFIED PUBLIC ACCOUNTANT FOR THE PREVIOUS CALENDAR YEAR.

44 O. THE DEPARTMENT OF REVENUE SHALL ADOPT RULES NECESSARY FOR THE  
45 ADMINISTRATION OF THIS SECTION.

1 P. FOR THE PURPOSES OF THIS SECTION:

2 1. "CUSTODIAN" MEANS A RESIDENT OF THIS STATE WHO IS A PARENT OR AN  
3 AUTHORIZED OUT-OF-HOME CARE PROVIDER OR, IF NONE, THE LEGAL GUARDIAN OF A  
4 QUALIFYING STUDENT.

5 2. "QUALIFIED SCHOOL" MEANS A NONGOVERNMENTAL PRIMARY SCHOOL OR  
6 SECONDARY SCHOOL OR A PRESCHOOL FOR HANDICAPPED STUDENTS THAT IS LOCATED IN  
7 THIS STATE, THAT DOES NOT DISCRIMINATE ON THE BASIS OF RACE, COLOR, HANDICAP,  
8 FAMILIAL STATUS OR NATIONAL ORIGIN AND THAT SATISFIES THE REQUIREMENTS  
9 PRESCRIBED BY LAW FOR PRIVATE SCHOOLS IN THIS STATE ON JANUARY 1, 2009.

10 3. "QUALIFIED STUDENT" MEANS A STUDENT WHO HAS BEEN EITHER:

11 (a) PLACED IN FOSTER CARE PURSUANT TO TITLE 8, CHAPTER 5 AT ANY TIME  
12 BEFORE THE STUDENT GRADUATES FROM HIGH SCHOOL OR OBTAINS A GENERAL  
13 EQUIVALENCY DIPLOMA.

14 (b) IDENTIFIED AS HAVING A DISABILITY UNDER SECTION 504 OF THE  
15 REHABILITATION ACT (29 UNITED STATES CODE SECTION 794) OR IDENTIFIED BY A  
16 SCHOOL DISTRICT AS A CHILD WITH A DISABILITY AS DEFINED IN SECTION 15-761 OR  
17 A CHILD WITH A DISABILITY WHO IS ELIGIBLE TO RECEIVE SERVICES FROM A SCHOOL  
18 DISTRICT UNDER SECTION 15-763.

19 4. "SCHOOL TUITION ORGANIZATION" MEANS A CHARITABLE ORGANIZATION IN  
20 THIS STATE THAT BOTH:

21 (a) IS EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501(c)(3) OF THE  
22 INTERNAL REVENUE CODE AND THAT ALLOCATES NINETY PER CENT OF ITS ANNUAL  
23 REVENUE FOR EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS TO QUALIFIED STUDENTS  
24 TO ALLOW THEM TO ATTEND ANY QUALIFIED SCHOOL OF THEIR CUSTODIANS' CHOICE.

25 (b) PROVIDES EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS TO STUDENTS  
26 WITHOUT LIMITING AVAILABILITY TO ONLY STUDENTS OF ONE SCHOOL.

27 Sec. 6. School tuition organizations: grants and scholarships  
28 for displaced students and students with  
29 disabilities; amount

30 Through June 30, 2010, and notwithstanding section 43-1183, subsections  
31 J through M, Arizona Revised Statutes, a school tuition organization that  
32 receives voluntary cash contributions pursuant to section 43-1183, subsection  
33 A, Arizona Revised Statutes, may also provide tuition grants or educational  
34 scholarships to any student who had applied for or received a grant or  
35 scholarship under title 15, chapter 8, article 1.2 or 8, Arizona Revised  
36 Statutes, in order to attend a qualified school during the 2008-2009 academic  
37 year. The amount of the tuition grant or educational scholarship allowed  
38 under this section may be equal to the amount of the grant or scholarship  
39 that the student had received during the 2008-2009 academic year under title  
40 15, chapter 8, article 1.2 or 8, Arizona Revised Statutes.

1           Sec. 7. Department of education; notice; website

2           Immediately after the effective date of this section, the department of  
3 education shall notify in writing the parent, authorized out-of-home care  
4 provider or, if none, the legal guardian of a qualifying student who had  
5 received a tuition grant or educational scholarship during the 2008-2009  
6 academic year under title 15, chapter 8, article 1.2 or 8, Arizona Revised  
7 Statutes, that a new corporate income tax credit is available to provide  
8 grants and scholarships to qualified students. The department of education  
9 shall also publish the notice required under this section on its website.

10          Sec. 8. Purpose

11          Pursuant to section 43-223, Arizona Revised Statutes, the legislature  
12 enacts section 43-1184, Arizona Revised Statutes, as added by this act, to  
13 encourage businesses to make charitable contributions to school tuition  
14 organizations that use those contributions to provide tuition scholarships to  
15 enable families to choose the best available education for their children  
16 with disabilities and for displaced children.

17          Sec. 9. Severability

18          If a provision of this act or its application to any person or  
19 circumstance is held invalid, the invalidity does not affect other provisions  
20 or applications of the act that can be given effect without the invalid  
21 provision or application, and to this end the provisions of this act are  
22 severable.

23          Sec. 10. Short title

24          This act may be cited as "Lexie's Law".

25          Sec. 11. Emergency

26          This act is an emergency measure that is necessary to preserve the  
27 public peace, health or safety and is operative immediately as provided by  
28 law.