

REFERENCE TITLE: **STO scholarships; low-income requirements**

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SB 1294

Introduced by
Senators Marsh: Alston, Gabaldon, Gonzales, Otondo, Quezada, Stahl
Hamilton; Representatives Andrade, Dalessandro, Hernandez M, Liguori,
Pawlik

AN ACT

**AMENDING SECTION 43-1603, 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 43-1603, Arizona Revised Statutes, is amended to
3 read:

4 43-1603. Operational requirements for school tuition
5 organizations; notice; qualified schools

6 A. A certified school tuition organization must be established to
7 receive contributions from taxpayers for the purposes of income tax
8 credits under sections 43-1089 and 43-1089.03 and to pay educational
9 scholarships or tuition grants to allow students WHOSE FAMILY INCOME DOES
10 NOT EXCEED ONE HUNDRED EIGHTY-FIVE PERCENT OF THE INCOME LIMIT REQUIRED TO
11 QUALIFY A CHILD FOR REDUCED-PRICE LUNCHESES UNDER THE NATIONAL SCHOOL LUNCH
12 AND CHILD NUTRITION ACTS (42 UNITED STATES CODE SECTIONS 1751 THROUGH
13 1793) to attend any qualified school of their parents' choice.

14 B. To be eligible for certification and retain certification, the
15 school tuition organization:

16 1. Must allocate at least ninety percent of its annual revenue from
17 contributions made for the purposes of sections 43-1089 and 43-1089.03 for
18 educational scholarships or tuition grants TO STUDENTS WHOSE FAMILY INCOME
19 DOES NOT EXCEED ONE HUNDRED EIGHTY-FIVE PERCENT OF THE INCOME LIMIT
20 REQUIRED TO QUALIFY A CHILD FOR REDUCED-PRICE LUNCHESES UNDER THE NATIONAL
21 SCHOOL LUNCH AND CHILD NUTRITION ACTS (42 UNITED STATES CODE SECTIONS 1751
22 THROUGH 1793).

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

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

28 4. Shall not allow donors to designate student beneficiaries as a
29 condition of any contribution to the organization, or facilitate,
30 encourage or knowingly allow the exchange of beneficiary student
31 designations in violation of section 43-1089, subsection F, section
32 43-1089.03, subsection F and section 43-1089.04, subsection E.

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

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

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

1 7. Received an educational scholarship or tuition grant under
2 paragraph 1, 2, 3, 4, 5 or 6 of this subsection or under chapter 15 of
3 this title if the student continues to attend a qualified school in a
4 subsequent year.

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

10 G. If an individual educational scholarship or tuition grant
11 exceeds the school's tuition, the amount in excess shall be returned to
12 the school tuition organization that made the award or grant. The school
13 tuition organization may allocate the returned monies as a multiyear award
14 for that student and report the award pursuant to section 43-1604,
15 subsection A, paragraph 5, subdivision (b) or may allocate the returned
16 monies for educational scholarships or tuition grants for other students.

17 H. A STUDENT IS ELIGIBLE TO RECEIVE AN EDUCATIONAL SCHOLARSHIP OR
18 TUITION GRANT UNDER THIS SECTION IF THE STUDENT MEETS THE CRITERIA TO
19 RECEIVE REDUCED-PRICE LUNCHES BUT DOES NOT ACTUALLY CLAIM THAT BENEFIT.