

COMMITTEE ON FINANCE
SENATE AMENDMENTS TO S.B. 1640
(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 43-222, Arizona Revised Statutes, is amended to
3 read:

4 43-222. Income tax credit review schedule

5 The joint legislative income tax credit review committee shall review
6 the following income tax credits:

7 1. For years ending in 0 and 5, sections 43-1079.01, 43-1087,
8 43-1088, 43-1089.04, 43-1167.01 and 43-1175.

9 2. For years ending in 1 and 6, sections 43-1072.02, 43-1074.02,
10 43-1083, 43-1083.02, 43-1164.03, 43-1181 and 43-1183.

11 3. For years ending in 2 and 7, sections 43-1073, 43-1085, 43-1086,
12 43-1089, 43-1089.01, 43-1089.02, 43-1089.03, 43-1164 and 43-1169.

13 4. For years ending in 3 and 8, sections 43-1074.01, 43-1081,
14 43-1168, 43-1170 and 43-1178.

15 5. For years ending in 4 and 9, sections 43-1073.01, 43-1076,
16 43-1081.01, 43-1083.03, 43-1084, 43-1164.04, 43-1164.05, and 43-1184.

17 Sec. 2. Section 43-1089.02, Arizona Revised Statutes, is amended to
18 read:

19 43-1089.02. Credit for donation of school site

20 A. A credit is allowed against the taxes imposed by this title ~~in~~
21 ~~the amount of thirty percent of the value of real property and improvements~~
22 ~~donated~~ FOR DONATIONS by the taxpayer to a school district or a charter
23 school for REAL PROPERTY AND IMPROVEMENTS TO use as a school or as a site
24 for the construction of a school AND FOR CASH CONTRIBUTIONS. THE AMOUNT OF
25 THE CREDIT IS AS FOLLOWS:

1 1. AN AMOUNT EQUAL TO THIRTY PERCENT OF THE VALUE OF REAL PROPERTY
2 AND IMPROVEMENTS DONATED BY THE TAXPAYER TO A SCHOOL DISTRICT OR A CHARTER
3 SCHOOL FOR USE AS A SCHOOL OR AS A SITE FOR THE CONSTRUCTION OF A SCHOOL.

4 2. AN AMOUNT EQUAL TO SIXTY PERCENT OF THE VALUE OF REAL PROPERTY
5 AND IMPROVEMENTS FOR USE AS A SCHOOL OR AS A SITE FOR THE CONSTRUCTION OF A
6 SCHOOL OR CASH CONTRIBUTIONS DONATED BY THE TAXPAYER TO A SCHOOL DISTRICT
7 FOR A SCHOOL OR A CHARTER SCHOOL THAT MEETS THE REQUIREMENTS OF SUBSECTION
8 B, PARAGRAPH 4 OF THIS SECTION FOR A SCHOOL THAT IS OPERATED BY A SCHOOL
9 DISTRICT OR A CHARTER SCHOOL TO INCREASE STUDENT ENROLLMENT AT THE SCHOOL
10 FOR WHICH THERE IS A WAITING LIST.

11 B. To qualify for the credit:

12 1. The real property and improvements must be located in this state.

13 2. The real property and improvements must be conveyed unencumbered
14 and in fee simple, except that:

15 (a) The conveyance must include as a deed restriction and protective
16 covenant running with title to the land the requirement that, as long as
17 the donee holds title to the property, the property shall ~~only~~ be used ONLY
18 as a school or as a site for the construction of a school, subject to
19 subsection I or J of this section.

20 (b) In the case of a donation to a charter school, the donor shall
21 record a lien on the property as provided by subsection J, paragraph 3 of
22 this section.

23 3. The conveyance shall not violate section 15-341, subsection D or
24 section 15-183, subsection U.

25 4. FOR THE CREDIT AMOUNT ALLOWED UNDER SUBSECTION A, PARAGRAPH 2 OF
26 THIS SECTION, THE TAXPAYER MUST DONATE TO A SCHOOL THAT IS OPERATED BY A
27 SCHOOL DISTRICT OR CHARTER SCHOOL THAT MEETS THE FOLLOWING REQUIREMENTS:

28 (a) HAS A WAITING LIST BASED ON THE PRIOR YEAR'S ONE HUNDREDTH-DAY
29 AVERAGE DAILY MEMBERSHIP THAT IS VERIFIED BY A THIRD PARTY AND THAT IS
30 EQUAL TO OR GREATER THAN TWENTY PERCENT OF THE PREVIOUS YEAR'S STUDENT
31 ENROLLMENT.

1 (b) HAS BEEN ASSIGNED A LETTER GRADE OF A OR B IN THE MOST RECENT
2 ACADEMIC YEAR PURSUANT TO SECTION 15-241.

3 C. For the purposes of this section, the value of the donated
4 property is the property's fair market value as determined in an appraisal
5 as defined in section 32-3601 that is conducted by an independent party and
6 that is paid for by the donee.

7 D. If the property is donated by co-owners, including ~~individual~~
8 partners in a partnership AND SHAREHOLDERS OF AN S CORPORATION AS DEFINED
9 IN SECTION 1361 OF THE INTERNAL REVENUE CODE, each donor may claim only the
10 pro rata share of the allowable credit under this section based on the
11 ownership interest. If the property is donated by a husband and wife who
12 file separate returns for a taxable year in which they could have filed a
13 joint return, they may determine between them the share of the credit each
14 will claim. The total of the credits allowed all co-owner donors may not
15 exceed the allowable credit.

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

21 F. The credit under this section is in lieu of any deduction
22 pursuant to section 170 of the internal revenue code taken for state tax
23 purposes.

24 G. On written request by the donee, the donor shall disclose in
25 writing to the donee the amount of the credit allowed pursuant to this
26 section with respect to the property received by the donee.

27 H. A school district or charter school may refuse the donation of
28 any property for purposes of this section.

29 I. If the donee is a school district:

30 1. The district shall notify the school facilities board established
31 by section 15-2001 and furnish the board with any information the board
32 requests regarding the donation. A school district shall not accept a

1 donation OF REAL PROPERTY AND IMPROVEMENTS pursuant to this section unless
2 the school facilities board has reviewed the proposed donation and has
3 issued a written determination that the real property and improvements are
4 suitable as a school site or as a school. The school facilities board
5 shall issue a determination that the real property and improvements are not
6 suitable as a school site or as a school if the expenses that would be
7 necessary to make the property suitable as a school site or as a school
8 exceed the value of the proposed donation.

9 2. The district may sell any donated property pursuant to section
10 15-342, but the proceeds from the sale shall ~~only~~ be used ONLY for capital
11 projects. The school facilities board shall withhold an amount that
12 corresponds to the amount of the proceeds from any monies that would
13 otherwise be due the school district from the school facilities board
14 pursuant to section 15-2041.

15 J. If the donee is a charter school:

16 1. The charter school shall:

17 (a) Immediately notify the sponsor of the charter school by
18 certified mail and shall furnish the sponsor with any information requested
19 by the sponsor regarding the donation during the ~~ten-year~~ TEN-YEAR period
20 after the conveyance is recorded.

21 (b) Notify the sponsor by certified mail, and the sponsor shall
22 notify the state treasurer, in the event of the charter school's financial
23 failure or if the charter school:

24 (i) Fails to establish a charter school on the property within
25 forty-eight months after the conveyance is recorded.

26 (ii) Fails to provide instruction to pupils on the property within
27 forty-eight months after the conveyance is recorded.

28 (iii) Establishes a charter school on the property but subsequently
29 ceases to operate the charter school on the property for twenty-four
30 consecutive months or fails to provide instruction to pupils on the
31 property for twenty-four consecutive months.

1 2. The charter school, or a successor in interest, shall pay to the
2 state treasurer the amount of the credit allowed under this section, or if
3 that amount is unknown, the amount of the allowable credit under this
4 section, if any of the circumstances listed in paragraph 1, subdivision (b)
5 of this subsection occurs. If the amount is not paid within one year after
6 the treasurer receives notice under paragraph 1, subdivision (b) of this
7 subsection, a penalty and interest shall be added, determined pursuant to
8 title 42, chapter 1, article 3.

9 3. A tax credit under this section constitutes a lien on the
10 property, which the donor must record along with the title to the property
11 to qualify for the credit. The amount of the lien is the amount of the
12 allowable credit under this section, adjusted according to the average
13 change in the GDP price deflator, as defined in section 41-563, for each
14 calendar year since the donation, but not exceeding twelve and one-half
15 percent more than the allowable credit. The lien is subordinate to any
16 liens securing the financing of the school construction. The lien is
17 extinguished on the earliest of the following:

18 (a) Ten years after the lien is recorded. After that date, the
19 charter school, or a successor in interest, may request the state treasurer
20 to release the lien.

21 (b) On payment to the state treasurer by the donee charter school,
22 or by a successor in interest, of the amount of the allowable credit under
23 this section, either voluntarily or as required by paragraph 2 of this
24 subsection. After the required amount is paid, the charter school or
25 successor in interest may request the state treasurer to release the lien.

26 (c) On conveyance of fee simple title to the property to a school
27 district.

28 (d) On enforcement and satisfaction of the lien pursuant to
29 paragraph 4 of this subsection.

30 4. The state treasurer shall enforce the lien by foreclosure within
31 one year after receiving notice of any of the circumstances described in
32 paragraph 1, subdivision (b) of this subsection.

1 5. Subject to paragraphs 3 and 4 of this subsection, the charter
2 school may sell any donated property.

3 Sec. 3. Section 43-1121, Arizona Revised Statutes, is amended to
4 read:

5 43-1121. Additions to Arizona gross income; corporations

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

8 1. The amount of interest income received on obligations of any
9 state, territory or possession of the United States, or any political
10 subdivision thereof, located outside this state, reduced, for taxable years
11 beginning from and after December 31, 1996, by the amount of any interest
12 on indebtedness and other related expenses that were incurred or continued
13 to purchase or carry those obligations and that are not otherwise deducted
14 or subtracted in arriving at Arizona gross income.

15 2. The excess of a partner's share of partnership taxable income
16 required to be included under chapter 14, article 2 of this title over the
17 income required to be reported under section 702(a)(8) of the internal
18 revenue code.

19 3. The excess of a partner's share of partnership losses determined
20 pursuant to section 702(a)(8) of the internal revenue code over the losses
21 allowable under chapter 14, article 2 of this title.

22 4. The amount of any depreciation allowance allowed pursuant to
23 section 167(a) of the internal revenue code to the extent not previously
24 added.

25 5. The amount of dividend income received from corporations and
26 allowed as a deduction pursuant to sections 243, 245, 245A and 250(a)(1)(B)
27 of the internal revenue code.

28 6. Taxes that are based on income paid to states, local governments
29 or foreign governments and that were deducted in computing federal taxable
30 income.

31 7. Expenses and interest relating to tax-exempt income on
32 indebtedness incurred or continued to purchase or carry obligations the

1 interest on which is wholly exempt from the tax imposed by this title.
2 Financial institutions, as defined in section 6-101, shall be governed by
3 section 43-961, paragraph 2.

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

17 9. The amount of net operating loss taken pursuant to section 172 of
18 the internal revenue code.

19 10. The amount of exploration expenses determined pursuant to
20 section 617 of the internal revenue code to the extent that they exceed
21 \$75,000 and to the extent that the election is made to defer those expenses
22 not in excess of \$75,000.

23 11. Amortization of costs incurred to install pollution control
24 devices and deducted pursuant to the internal revenue code or the amount of
25 deduction for depreciation taken pursuant to the internal revenue code on
26 pollution control devices for which an election is made pursuant to section
27 43-1129.

28 12. The amount of depreciation or amortization of costs of child
29 care facilities deducted pursuant to section 167 or 188 of the internal
30 revenue code for which an election is made to amortize pursuant to section
31 43-1130.

1 13. The loss of an insurance company that is exempt under section
2 43-1201 to the extent that it is included in computing Arizona gross income
3 on a consolidated return pursuant to section 43-947.

4 14. The amount by which the depreciation or amortization computed
5 under the internal revenue code with respect to property for which a credit
6 was taken under section 43-1169 exceeds the amount of depreciation or
7 amortization computed pursuant to the internal revenue code on the Arizona
8 adjusted basis of the property.

9 15. The amount by which the adjusted basis computed under the
10 internal revenue code with respect to property for which a credit was
11 claimed under section 43-1169 and that is sold or otherwise disposed of
12 during the taxable year exceeds the adjusted basis of the property computed
13 under section 43-1169.

14 16. The amount by which the depreciation or amortization computed
15 under the internal revenue code with respect to property for which a credit
16 was taken under section 43-1170 exceeds the amount of depreciation or
17 amortization computed pursuant to the internal revenue code on the Arizona
18 adjusted basis of the property.

19 17. The amount by which the adjusted basis computed under the
20 internal revenue code with respect to property for which a credit was
21 claimed under section 43-1170 and that is sold or otherwise disposed of
22 during the taxable year exceeds the adjusted basis of the property computed
23 under section 43-1170.

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

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

30 20. Any wage expenses deducted pursuant to the internal revenue code
31 for which a credit is claimed under section 43-1175 and representing net

1 increases in qualified employment positions for employment of temporary
2 assistance for needy families recipients.

3 21. Any amount of expenses that were deducted pursuant to the
4 internal revenue code and for which a credit is claimed under section
5 43-1178.

6 22. Any amount deducted pursuant to section 170 of the internal
7 revenue code representing contributions to a school tuition organization
8 for which a credit is claimed under section 43-1183 or 43-1184.

9 23. If a subtraction is or has been taken by the taxpayer under
10 section 43-1124, in the current or a prior taxable year for the full amount
11 of eligible access expenditures paid or incurred to comply with the
12 requirements of the Americans with disabilities act of 1990 (P.L. 101-336)
13 or title 41, chapter 9, article 8, any amount of eligible access
14 expenditures that is recognized under the internal revenue code, including
15 any amount that is amortized according to federal amortization schedules,
16 and that is included in computing Arizona taxable income for the current
17 taxable year.

18 24. For taxable years beginning from and after December 31, 2017,
19 the amount of any net capital loss included in Arizona gross income for the
20 taxable year that is derived from the exchange of one kind of legal tender
21 for another kind of legal tender. For the purposes of this paragraph:

22 (a) "Legal tender" means a medium of exchange, including specie,
23 that is authorized by the United States Constitution or Congress to pay
24 debts, public charges, taxes and dues.

25 (b) "Specie" means coins having precious metal content.

26 25. THE AMOUNT OF ANY DEDUCTION THAT IS CLAIMED IN COMPUTING ARIZONA
27 GROSS INCOME AND THAT REPRESENTS A DONATION OF A SCHOOL SITE FOR WHICH A
28 CREDIT IS CLAIMED UNDER SECTION 43-1181.

1 Sec. 4. Title 43, chapter 11, article 6, Arizona Revised Statutes,
2 is amended by adding section 43-1181, to read:

3 43-1181. Credit for donation of school site

4 A. A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR
5 DONATIONS BY THE TAXPAYER TO A SCHOOL DISTRICT OR A CHARTER SCHOOL FOR REAL
6 PROPERTY AND IMPROVEMENTS TO USE AS A SCHOOL OR AS A SITE FOR THE
7 CONSTRUCTION OF A SCHOOL AND FOR CASH CONTRIBUTIONS. THE AMOUNT OF THE
8 CREDIT IS AS FOLLOWS:

9 1. AN AMOUNT EQUAL TO THIRTY PERCENT OF THE VALUE OF REAL PROPERTY
10 AND IMPROVEMENTS DONATED BY THE TAXPAYER TO A SCHOOL DISTRICT OR A CHARTER
11 SCHOOL FOR USE AS A SCHOOL OR AS A SITE FOR THE CONSTRUCTION OF A SCHOOL.

12 2. AN AMOUNT EQUAL TO SIXTY PERCENT OF THE VALUE OF REAL PROPERTY
13 AND IMPROVEMENTS FOR USE AS A SCHOOL OR AS A SITE FOR THE CONSTRUCTION OF A
14 SCHOOL OR CASH CONTRIBUTIONS DONATED BY THE TAXPAYER TO A SCHOOL DISTRICT
15 FOR A SCHOOL OR A CHARTER SCHOOL THAT MEETS THE REQUIREMENTS OF SUBSECTION
16 B, PARAGRAPH 4 OF THIS SECTION FOR A SCHOOL THAT IS OPERATED BY A SCHOOL
17 DISTRICT OR A CHARTER SCHOOL TO INCREASE STUDENT ENROLLMENT AT THE SCHOOL
18 FOR WHICH THERE IS A WAITING LIST.

19 B. TO QUALIFY FOR THE CREDIT:

20 1. THE REAL PROPERTY AND IMPROVEMENTS MUST BE LOCATED IN THIS STATE.

21 2. THE REAL PROPERTY AND IMPROVEMENTS MUST BE CONVEYED UNENCUMBERED
22 AND IN FEE SIMPLE EXCEPT THAT:

23 (a) THE CONVEYANCE MUST INCLUDE AS A DEED RESTRICTION AND PROTECTIVE
24 COVENANT RUNNING WITH TITLE TO THE LAND THE REQUIREMENT THAT, AS LONG AS
25 THE DONEE HOLDS TITLE TO THE PROPERTY, THE PROPERTY SHALL BE USED ONLY AS A
26 SCHOOL OR AS A SITE FOR THE CONSTRUCTION OF A SCHOOL, SUBJECT TO SUBSECTION
27 I OR J OF THIS SECTION.

28 (b) IN THE CASE OF A DONATION TO A CHARTER SCHOOL, THE DONOR SHALL
29 RECORD A LIEN ON THE PROPERTY AS PROVIDED BY SUBSECTION J, PARAGRAPH 3 OF
30 THIS SECTION.

31 3. THE CONVEYANCE SHALL NOT VIOLATE SECTION 15-341, SUBSECTION D OR
32 SECTION 15-183, SUBSECTION U.

1 4. FOR THE CREDIT AMOUNT ALLOWED UNDER SUBSECTION A, PARAGRAPH 2 OF
2 THIS SECTION, THE TAXPAYER MUST DONATE TO A SCHOOL THAT IS OPERATED BY A
3 SCHOOL DISTRICT OR CHARTER SCHOOL THAT MEETS THE FOLLOWING REQUIREMENTS:

4 (a) HAS A WAITING LIST BASED ON THE PRIOR YEAR'S ONE HUNDREDTH-DAY
5 AVERAGE DAILY MEMBERSHIP THAT IS VERIFIED BY A THIRD PARTY AND THAT IS
6 EQUAL TO OR GREATER THAN TWENTY PERCENT OF THE PREVIOUS YEAR'S STUDENT
7 ENROLLMENT.

8 (b) HAS BEEN ASSIGNED A LETTER GRADE OF A OR B IN THE MOST RECENT
9 ACADEMIC YEAR PURSUANT TO SECTION 15-241.

10 C. FOR THE PURPOSES OF THIS SECTION, THE VALUE OF THE DONATED
11 PROPERTY IS THE PROPERTY'S FAIR MARKET VALUE AS DETERMINED IN AN APPRAISAL
12 AS DEFINED IN SECTION 32-3601 THAT IS CONDUCTED BY AN INDEPENDENT PARTY AND
13 THAT IS PAID FOR BY THE DONEE.

14 D. IF THE PROPERTY IS DONATED BY CO-OWNERS, INCLUDING CORPORATE
15 PARTNERS IN A PARTNERSHIP, EACH DONOR MAY CLAIM ONLY THE PRO RATA SHARE OF
16 THE ALLOWABLE CREDIT UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST.
17 THE TOTAL OF THE CREDITS ALLOWED ALL CO-OWNER DONORS MAY NOT EXCEED THE
18 ALLOWABLE CREDIT.

19 E. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER
20 THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER
21 THIS TITLE, THE TAXPAYER MAY CARRY THE AMOUNT OF THE CLAIM NOT USED TO
22 OFFSET THE TAXES UNDER THIS TITLE FORWARD FOR NOT MORE THAN FIVE
23 CONSECUTIVE TAXABLE YEARS' INCOME TAX LIABILITY.

24 F. THE CREDIT UNDER THIS SECTION IS IN LIEU OF ANY DEDUCTION
25 PURSUANT TO SECTION 170 OF THE INTERNAL REVENUE CODE TAKEN FOR STATE TAX
26 PURPOSES.

27 G. ON WRITTEN REQUEST BY THE DONEE, THE DONOR SHALL DISCLOSE IN
28 WRITING TO THE DONEE THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO THIS
29 SECTION WITH RESPECT TO THE PROPERTY RECEIVED BY THE DONEE.

30 H. A SCHOOL DISTRICT OR CHARTER SCHOOL MAY REFUSE THE DONATION OF
31 ANY PROPERTY FOR PURPOSES OF THIS SECTION.

32 I. IF THE DONEE IS A SCHOOL DISTRICT:

1 1. THE DISTRICT SHALL NOTIFY THE SCHOOL FACILITIES BOARD ESTABLISHED
2 BY SECTION 15-2001 AND FURNISH THE BOARD WITH ANY INFORMATION THE BOARD
3 REQUESTS REGARDING THE DONATION. A SCHOOL DISTRICT SHALL NOT ACCEPT A
4 DONATION OF REAL PROPERTY AND IMPROVEMENTS PURSUANT TO THIS SECTION UNLESS
5 THE SCHOOL FACILITIES BOARD HAS REVIEWED THE PROPOSED DONATION AND HAS
6 ISSUED A WRITTEN DETERMINATION THAT THE REAL PROPERTY AND IMPROVEMENTS ARE
7 SUITABLE AS A SCHOOL SITE OR AS A SCHOOL. THE SCHOOL FACILITIES BOARD SHALL
8 ISSUE A DETERMINATION THAT THE REAL PROPERTY AND IMPROVEMENTS ARE NOT
9 SUITABLE AS A SCHOOL SITE OR AS A SCHOOL IF THE EXPENSES THAT WOULD BE
10 NECESSARY TO MAKE THE PROPERTY SUITABLE AS A SCHOOL SITE OR AS A SCHOOL
11 EXCEED THE VALUE OF THE PROPOSED DONATION.

12 2. THE DISTRICT MAY SELL ANY DONATED PROPERTY PURSUANT TO SECTION
13 15-342, BUT THE PROCEEDS FROM THE SALE SHALL BE USED ONLY FOR CAPITAL
14 PROJECTS. THE SCHOOL FACILITIES BOARD SHALL WITHHOLD AN AMOUNT THAT
15 CORRESPONDS TO THE AMOUNT OF THE PROCEEDS FROM ANY MONIES THAT WOULD
16 OTHERWISE BE DUE THE SCHOOL DISTRICT FROM THE SCHOOL FACILITIES BOARD
17 PURSUANT TO SECTION 15-2041.

18 J. IF THE DONEE IS A CHARTER SCHOOL:

19 1. THE CHARTER SCHOOL SHALL:

20 (a) IMMEDIATELY NOTIFY THE SPONSOR OF THE CHARTER SCHOOL BY
21 CERTIFIED MAIL AND SHALL FURNISH THE SPONSOR WITH ANY INFORMATION REQUESTED
22 BY THE SPONSOR REGARDING THE DONATION DURING THE TEN-YEAR PERIOD AFTER THE
23 CONVEYANCE IS RECORDED.

24 (b) NOTIFY THE SPONSOR BY CERTIFIED MAIL, AND THE SPONSOR SHALL
25 NOTIFY THE STATE TREASURER, IN THE EVENT OF THE CHARTER SCHOOL'S FINANCIAL
26 FAILURE OR IF THE CHARTER SCHOOL:

27 (i) FAILS TO ESTABLISH A CHARTER SCHOOL ON THE PROPERTY WITHIN
28 FORTY-EIGHT MONTHS AFTER THE CONVEYANCE IS RECORDED.

29 (ii) FAILS TO PROVIDE INSTRUCTION TO PUPILS ON THE PROPERTY WITHIN
30 FORTY-EIGHT MONTHS AFTER THE CONVEYANCE IS RECORDED.

31 (iii) ESTABLISHES A CHARTER SCHOOL ON THE PROPERTY BUT SUBSEQUENTLY
32 CEASES TO OPERATE THE CHARTER SCHOOL ON THE PROPERTY FOR TWENTY-FOUR

1 CONSECUTIVE MONTHS OR FAILS TO PROVIDE INSTRUCTION TO PUPILS ON THE
2 PROPERTY FOR TWENTY-FOUR CONSECUTIVE MONTHS.

3 2. THE CHARTER SCHOOL, OR A SUCCESSOR IN INTEREST, SHALL PAY TO THE
4 STATE TREASURER THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION, OR IF
5 THAT AMOUNT IS UNKNOWN, THE AMOUNT OF THE ALLOWABLE CREDIT UNDER THIS
6 SECTION, IF ANY OF THE CIRCUMSTANCES LISTED IN PARAGRAPH 1, SUBDIVISION (b)
7 OF THIS SUBSECTION OCCURS. IF THE AMOUNT IS NOT PAID WITHIN ONE YEAR AFTER
8 THE TREASURER RECEIVES NOTICE UNDER PARAGRAPH 1, SUBDIVISION (b) OF THIS
9 SUBSECTION, A PENALTY AND INTEREST SHALL BE ADDED, DETERMINED PURSUANT TO
10 TITLE 42, CHAPTER 1, ARTICLE 3.

11 3. A TAX CREDIT UNDER THIS SECTION CONSTITUTES A LIEN ON THE
12 PROPERTY, WHICH THE DONOR MUST RECORD ALONG WITH THE TITLE TO THE PROPERTY
13 TO QUALIFY FOR THE CREDIT. THE AMOUNT OF THE LIEN IS THE AMOUNT OF THE
14 ALLOWABLE CREDIT UNDER THIS SECTION, ADJUSTED ACCORDING TO THE AVERAGE
15 CHANGE IN THE GDP PRICE DEFLATOR, AS DEFINED IN SECTION 41-563, FOR EACH
16 CALENDAR YEAR SINCE THE DONATION, BUT NOT EXCEEDING TWELVE AND ONE-HALF
17 PERCENT MORE THAN THE ALLOWABLE CREDIT. THE LIEN IS SUBORDINATE TO ANY
18 LIENS SECURING THE FINANCING OF THE SCHOOL CONSTRUCTION. THE LIEN IS
19 EXTINGUISHED ON THE EARLIEST OF THE FOLLOWING:

20 (a) TEN YEARS AFTER THE LIEN IS RECORDED. AFTER THAT DATE, THE
21 CHARTER SCHOOL, OR A SUCCESSOR IN INTEREST, MAY REQUEST THE STATE TREASURER
22 TO RELEASE THE LIEN.

23 (b) ON PAYMENT TO THE STATE TREASURER BY THE DONEE CHARTER SCHOOL,
24 OR BY A SUCCESSOR IN INTEREST, OF THE AMOUNT OF THE ALLOWABLE CREDIT UNDER
25 THIS SECTION, EITHER VOLUNTARILY OR AS REQUIRED BY PARAGRAPH 2 OF THIS
26 SUBSECTION. AFTER THE REQUIRED AMOUNT IS PAID, THE CHARTER SCHOOL OR
27 SUCCESSOR IN INTEREST MAY REQUEST THE STATE TREASURER TO RELEASE THE LIEN.

28 (c) ON CONVEYANCE OF FEE SIMPLE TITLE TO THE PROPERTY TO A SCHOOL
29 DISTRICT.

30 (d) ON ENFORCEMENT AND SATISFACTION OF THE LIEN PURSUANT TO
31 PARAGRAPH 4 OF THIS SUBSECTION.

1 4. THE STATE TREASURER SHALL ENFORCE THE LIEN BY FORECLOSURE WITHIN
2 ONE YEAR AFTER RECEIVING NOTICE OF ANY OF THE CIRCUMSTANCES DESCRIBED IN
3 PARAGRAPH 1, SUBDIVISION (b) OF THIS SUBSECTION.

4 5. SUBJECT TO PARAGRAPHS 3 AND 4 OF THIS SUBSECTION, THE CHARTER
5 SCHOOL MAY SELL ANY DONATED PROPERTY.

6 Sec. 5. Purpose

7 Pursuant to section 43-223, Arizona Revised Statutes, the legislature
8 enacts section 43-1181, Arizona Revised Statutes, as added by this act, to
9 encourage taxpayers to support school districts and charter schools.

10 Sec. 6. Retroactivity

11 This act applies retroactively to taxable years beginning from and
12 after December 31, 2020."

13 Amend title to conform

1640LEACH
02/15/2021
03:25 PM
C: ED

1640FIN
02/17/2021
06:29 PM
S: slp