



## **FAMILY ISSUE FACT SHEET**

No. 2008-11 (February 2008)

### **HB2100 – School Tax Credit Payroll Deduction**

#### **EXECUTIVE SUMMARY**

Arizona provides a dollar-for-dollar tax credit for contributions to school tuition organizations and to public school extracurricular activities. HB2100 allows those who want to contribute, but may not be able to contribute a large amount at one time, to have a certain amount deducted from their paychecks each month.

#### **BACKGROUND**

Under current Arizona law, individuals may receive a dollar-for-dollar state income tax credit for donations to either school tuition organizations (“STOs”) or public school extracurricular activities. Individuals may contribute up to \$500 to STOs or \$200 for public school activities. Married couples may contribute up to \$1,000 to STOs and \$400 for public school activities.

Contributions to school tuition organizations go to provide scholarships to families who wish to send their children to private schools. STOs use the funds to grant scholarships to children attending religious or secular private schools, as long as they do not discriminate on the basis of race, color, handicap, familial status, or national origin.

Contributions to public school extracurricular activities provide funds for a broad range of programs and activities. Those who contribute to public schools may also specify that they want the money to go towards character education programs.

Having this tax credit allows individuals or couples the opportunity to support these programs. HB2100 provides a very simple option for those who want to contribute to public school extracurricular activities or STOs.

## TALKING POINTS

- **The proposed statute is optional for employers.** This is not a new requirement for employers. All employers have the option of whether or not to participate in the program.
- **Not everyone is able to make a contribution in a lump sum.** This bill allows those who want to contribute the option of doing it in installments by having it deducted from their paycheck.

## CONCLUSION

HB2100 allows people the option of having a portion of their contribution to STOs or public school activities deducted from their payroll. This is a very simple way to enable people to contribute to these programs, and since the proposed change is voluntary, it poses no new requirements for employers.