

Memo

To: CUSD Employees
From: Lauren Randel - Assistant Business Manager
Date: June 24, 2019
Re: Arizona Public School Tax Credit Update

Recently, Arizona House Bill 2425 passed which will make a revision to Arizona Revised Statutes (ARS) 43-1089.01 and the use of public school tax credit monies.

The change enacted will allow schools to use tax credit funds to:

- Purchase capital items such as furniture, equipment and vehicles as defined in the USFR (see attached USFR Capital Expenditure List)
- Purchase health care supplies for students, such as tissues, hand wipes, bandages, etc.
- Purchase playground equipment and shade structures
- Transfer general tax credit monies (with site council approval) to another school within the district

The change to the tax credit law will be active until June 30, 2022. However, **the effective date will not be until August 27, 2019** so purchase requisitions or p-card expenditures for the items listed above will not be allowable until the effective date. If you have already entered purchase requisitions in the FY 19-20 database for any of the items listed above, we will work with you to find an alternate funding source or we can return the requisition temporarily, until the effective date, to purchase the items.

In order for tax credit monies to be used, expenditures (other than those listed above) must meet all eligibility requirements, which are:

- Is the activity school sponsored?
- Is the activity for enrolled students?
- Is the activity educational? (ie: What educational standards does it meet?)
- Is the activity optional?
- Is the activity non-credit? (Meaning that the students are not being graded for the activity)

If the answers are yes to all of the above questions, then tax credit monies may be used. If the answer to any of the questions is no, then tax credit may not be used and another funding source will need to be utilized.

Also, for an event to be considered tax credit eligible in support of the Character Ed program, the program must involve an instructional component with regard to at least six of the Character Ed traits (ARS 15-719). The complete list of Character Ed traits and specific eligibility requirements can be found in the attached Character Ed Tax Credit Eligible Expenditures document.

As a reminder, tax credit monies may not be used for “any trips or events that are recreational, amusement or tourist activities” (ARS 43-1089.01). However, if the primary purpose of the trip is educational, and the stop at the amusement park is incidental, the educational portion of the trip may be paid for using tax credit funds. The amusement park stop must be paid for with Student Activity funds, Auxiliary funds, or PTO/Booster contributions.

To expedite purchase requisitions, please enter information that is required to determine tax credit eligibility in the requisition notes, such as:

- Grade level or club for which general tax credit monies will be benefiting
- Educational standards for activities that could appear recreational in nature but have an educational component (ex: Harkins Theaters, Amazing Jakes, Main Event, Stratum Laser Tag, Escape Rooms, Skateland, Golf Land, As You Wish Pottery, professional sporting events, parks, etc.)
- Identify the Character Ed traits that will be applied if the expenditure is related to the Character Ed program

Additional information and examples of tax credit eligible expenditures can be found in the attached Expenditure Guidelines document. This document gives an overview of allowable expenditures from Tax Credit, Auxiliary, Student Activities and other district funds. The attached documents may also be found on the Business Office [Procedures, Manuals & Forms](#) webpage.