



FAMILY ISSUE FACT SHEET

No. 2016-05 (February 2016)

SB 1216 – CHARITABLE DONATIONS; TAX CREDIT AMOUNTS

EXECUTIVE SUMMARY

Arizona provides a dollar-for-dollar tax credit for contributions to organizations that serve the working poor. SB 1216 doubles the amounts that individuals and married couples can make each year under this tax credit.

As amended in the Senate, SB 1216 will also increase the amounts that individuals and married couples can contribute to foster care charitable organizations. The amounts allowed under current statute are \$400 and \$800. SB 1216 increases those amounts to \$500 and \$1,000.

BACKGROUND

Under current Arizona law, individuals may contribute up to \$200 and married couples may contribute up to \$400 to organizations that help the working poor as part of the Arizona Charitable Tax Credit. There are nearly 700 qualifying organizations ranging from Pregnancy Resource Centers to nonprofit food banks.¹ These important organizations provide the needy with services such as cash assistance, medical care, child care, food, clothing, shelter, job placement, and job training services. By providing these services to those most in need, these organizations ease the burden placed on the state to care for the immediate, most basic needs of the poor.

Since it was created in 1997 the Charitable Tax Credit has undergone several changes, but the amount that individuals and married couples may contribute and receive a tax credit for has not been changed since the 2006 taxable year.² Due to the realities of inflation, a \$400 contribution in 2006 has the same buying power as \$470.27 in 2015, yet the current cap remains at \$400 for married couples filing jointly.³

In order to correct this slow but growing problem, SB 1216 doubles the amount that individuals and married couples can donate. Under the new law, individuals could make a donation up to \$400, and married couples could contribute up to \$800 while still receiving the tax credit. This increased donation amount will provide more funding for charitable organizations that provide a much-needed service to low-income families and communities.

SB 1216 was also amended in the Senate to increase the amounts that individuals and married couples can contribute to foster care charitable organizations. The amounts allowed under current statute are \$400 and \$800 respectively. SB 1216 will increase those amounts to \$500 and \$1,000.

TALKING POINTS

- **Arizona's Charitable Tax Credits serve those that serve our community.** This unique program helps Arizona address the needs of our community, without growing the size of government.
- **Increasing the tax credit donation amount ensures these charities continue to get the funding they need to serve those in our state in need.** Organizations like Pregnancy Resource Centers provide invaluable services to women and families in need. The Charitable Tax Credit is key to their ability to carry out their mission.

CONCLUSION

Since Arizona's Charitable Tax Credit donation amounts have not been increased in years, the value of donations decreases year after year due to inflation. In order to continue to provide charitable organizations like Pregnancy Resource Centers with as much funding as possible to support their missions, SB 1216 doubles the allowed donation amounts.

¹ Arizona Department of Revenue, List of Qualifying Charitable Organizations for the 2016 Calendar Year, www.azdor.gov/taxcredits/qualifyingcharitableorganizations.aspx (last visited Feb. 7, 2016).

² H.B. 2286, 2009 Leg., 49th Leg., 1st Reg. Sess., (Ariz. 2009), available at www.azleg.gov/legtext/49leg/1r/laws/0080.pdf.

³ CPI Inflation Calculator, Bureau of Labor Statistics, www.bls.gov/data/inflation_calculator.htm (last visited Feb. 7, 2016).