

FINAL

Prepared for:
Seton Catholic Preparatory
Corporate Breakfast

Corporate Tax Credits Create Scholarships and Change Lives! January 22, 2020

Sponsored by:



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A R I Z O N A

Changing lives one scholarship at a time.

Catholic Education Arizona Team

- Nancy Padberg, MBA, President & CEO
- Colleen McCoy-Cejka, Director of Strategic Partnerships
- Caitlin Wooten, Finance Manager
- Deb Preach, Chief Development Officer

Tell us about your Organization?

Catholic Education Arizona's mission is to provide tuition scholarships to underserved children to change lives, serve society, and transform culture. For over 22 years, we have served Arizona's children enrolled in one of 38 schools and educational organizations including Boys Hope Girls Hope.

Scholarship funds are raised through the Arizona Private Education Individual Tax Credit and Corporate Low Income Tax Credit contributions.

Arizona Catholic High Schools have:

99% High School Graduation Rate
97% attend Higher Education or Military Service
Students conduct thousands of hours of Community Service

When did STOs begin and Why?

- Individual/Original Program: 1998
- Switcher (Plus & Overflow): 2012
- Corporate Low-Income: 2006
- Corporate Disabled/Displaced: 2009



**STO = School Tuition Organization*

What is the meaning of School Choice?

- Private Schools
- Home Schools
- Charter Schools
- Out of District Public Schools
- Magnet Public Schools



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How do tax credit scholarships help Arizona families with their school choice needs?

Arizona's private school tax credit enables parents to choose the best school for their child, whether it's public, private, charter or virtual. Denying students entry to the school parents think best for them based on ability to pay undermines equal opportunity.



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Corporate Private School Tuition Tax Credits Overview

Tax Credit 335

Est. 2006

[A.R.S. §43-1183 – Credit for Contributions to School Tuition Organizations](#)

Tax Credit 341

Est. 2009

[A.R.S. §43-1184– Credit for Contributions to Certified School Tuition Organizations; displaced students; students with disabilities](#)

Why would a corporation participate?

- Federal & State tax benefits
- Provide tuition support to underserved low income families, children with disabilities, and children that have been displaced
- A way to give back to the community



“Sunwest Bank recognizes the benefits of helping as many of today’s youth stay off the streets, get a great education and become prepared for a prosperous life that includes not only education but a solid foundation of faith.”

--Andy Phillips

Former Market President, Sunwest Bank

Is there a corporate tax credit limit?

Yes, in terms of a limit to the amount of money corporations can donate in total in a fiscal year. The low-income corporate tax credit donation limitation is increased each fiscal year by a percentage set in statute (A.R.S. § 43-1183 C1). The disabled/displaced tax credit limitation remains constant from year to year at \$5,000,000.

Low income limit for FY 19-20	\$106,993,207
Low income limit for FY 20-21	\$123,042,188 - 15%
Low income limit for FY 21-22	\$135,346,407 - 10%
Low income limit for FY 22-23	\$142,113,727 – 5%

In terms of how much a single corporation may donate, as discussed above, there is a limit to how much corporations can donate in total each fiscal year. However, one corporation could donate the entire tax credit amount available.

There is a minimum donation of \$5,000 for S-corps.

What is the latest news from the US Treasury Department regarding Federal Deductions?

Individual Donations

No longer a Charitable Contribution

May be part of SALT if:

- Taxpayer is itemizing on Federal Form 1040
- SALT deduction is under \$10,000

Corporate Donations

C-Corps & Insurance Companies – Business Deduction

S-Corps – Business Deduction (162) with reasonable expectation of:

Name Recognition

Goodwill in Community

Future Employees



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DEADLINE

When is the commitment due?

The commitment form must be submitted to Catholic Education Arizona by June 30th. However, we appreciate if commitment forms are sent to CEA as soon as the form is completed.



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When are the Corporate Deadlines?



The corporate tax credit caps reset at the beginning of each fiscal year – July 1st. Corporate donation pre-approval requests are processed on a first come, first served basis. ADOR will approve applications as long as there is available statewide cap.

Once approved, the corporation has 20 days to make payment to the STO. The STO must notify ADOR of payment within the 20 day deadline. Otherwise the amount approved rolls back into the statewide cap. A detailed process and forms are provided to the STOs by ADOR in the months prior to the corporate donation pre-approval start date.



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Catholic Education Arizona Corporate Partners Examples



PACIFIC PREMIER BANK®



BANKERS LIFE®



CAMELOT
HOMES



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BBVA Bank



Grand Canyon University



Meritage Homes



Earnhardt Auto Centers

Arizona Tax Credit Forms

Individual Forms

[Arizona Form 301 – Nonrefundable Individual Tax Credits and Recapture](#)

[Arizona Form 323 – Credit for Contributions to Private School Tuition Organizations](#)

[Arizona Form 348 – Credit for Contributions to Certified School Tuition Organizations-Individuals](#)

[Arizona Form 335-I – Credit for Business Contributions by an S Corporation to School Tuition Organizations-Individual](#)

[Arizona Form 341-I – Credit for Business Contributions by an S Corporation to School Tuition Organizations for Displaced Students or Students with Disabilities-Individual](#)

Corporate Forms

[Arizona Form 300 – Nonrefundable Corporate Tax Credits and Recapture](#)

[Arizona Form 335 – Credit for Corporate Contributions to School Tuition Organizations](#)

[Arizona Form 335-S – Credit for Corporate Contributions to School Tuition Organizations-Distribution to Individual Shareholders of an S Corporation](#)

[Arizona Form 335-P – Credit for Business Contributions by an S Corporation to School Tuition Organizations-Distribution to Corporate Partners of a Partnership](#)

[Arizona Form 341 – Credit for Corporate Contributions to School Tuitions Organization for Displaced Students or Students with Disabilities](#)

[Arizona Form 341-P – Credit for Corporate Contributions to School Tuition Organizations for Displaced Students or Students with Disabilities- Distribution to Corporate Partners of a Partnership](#)

[Arizona Form 341-S – Credit for Corporate Contributions to School Tuition Organizations for Displaced Students or Students with Disabilities- Distribution to Individual Shareholders of an S Corporation](#)

*****School Tuition Organizations do NOT have a Qualifying Charity Code*****

QCOs, QFCOs, and Public schools do have a code



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Thank you!

Nancy Padberg, MBA, President & CEO

npadberg@ceaz.org

Caitlin Wooten, Finance Manager

cwooten@ceaz.org

Colleen McCoy-Cejka, Director of Strategic Partnerships

Cmccoy-Cejka@ceaz.org

Deb Preach, Chief Development Officer

dpreach@ceaz.org

Catholic Education Arizona

www.catholiceducationarizona.org

602-218-6542



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