



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

House: ED DP 6-4-0-0

HB 2095: scholarships; requirements; foster care students

Sponsor: Representative Parker B., LD 10

House Engrossed

Overview

Includes students placed in foster care to those who are eligible to receive a school tuition organization (STO) educational scholarship or tuition grant (scholarship) funded through the individual credit to contributions to certified STOs (switcher credit) or the corporate credit for contributions to STOs for low-income scholarships (low-income scholarships).

History

An STO is a nonprofit organization certified by the Arizona Department of Revenue that receives income tax contributions to fund scholarships for students to attend qualified private schools in Arizona ([A.R.S. Title 43, Chapters 15 and 16](#)). An STO may receive contributions from taxpayers through four tax credits: 1) the individual credit for contributions to STOs (original credit); 2) the switcher credit; 3) the low-income credit; and 4) the corporate credit for contributions to STOs for displaced or disabled students (displaced/disabled credit) ([A.R.S. §§ 43-1089, 43-1089.03, 43-1183, 43-1184](#)). Currently, a student in foster care is eligible to receive a scholarship funded through the original credit or the displaced/disabled credit. However, a student in foster care must meet one of the current statutory eligibility categories to receive a scholarship funded through the low-income or switcher credits.

An STO that awards low-income scholarships must use at least 90% of contributions to provide scholarships to children whose family income does not exceed 185% of the income limit required to qualify for reduced-price lunches. Furthermore, to be eligible for a low-income scholarship, a student must: 1) have attended a governmental school full-time or a preschool program that offers services to disabled students for at least 90 days of the prior fiscal year or one full semester; 2) enroll in a qualified school in kindergarten or a preschool program that offers services to disabled students; 3) be a dependent of a U.S. Armed Forces member stationed in Arizona; 4) be homeschooled; 5) have moved to Arizona from out of state; 6) have participated in an Arizona Empowerment Scholarship Account (ESA) and did not renew the ESA; or 7) have received other specified STO scholarships ([A.R.S. § 43-1504](#)).

An STO that receives switcher credit contributions must use at least 90% of contributions for scholarships to students who: 1) attended a governmental school full-time or a preschool program that offers services to disabled students for at least 90 days of the prior fiscal year; 2) enroll in a qualified school in kindergarten or a preschool program that offers services to disabled students; 3) are a dependent of a U.S. Armed Forces member stationed in Arizona; 4) are homeschooled; 5) moved to Arizona from out of state; 6) participated in an ESA and did not renew the ESA; or 7) received other specified STO scholarships ([A.R.S. § 43-1603](#)).

Prop 105 (45 votes) Prop 108 (40 votes) Emergency (40 votes) Fiscal Note

An identical bill was introduced in the 56th Legislature, 1st Regular Session and was [vetoed](#) by the Governor (HB 2504 STO scholarships; foster care students).

Provisions

1. Adds students placed in foster care who have not graduated from high school or obtained a general equivalency diploma to those who are eligible to receive a scholarship from an STO that receives switcher credit or low-income credit contributions. (Sec. 1, 2)
2. Makes conforming changes. (Sec. 1, 2)