

**Credit Donation Pre-Approval Process for the  
Corporate Income Tax Credit for Low-Income Students (A.R.S. §20-224.06 and § 43-1183) and for  
Disabled/Displaced Students (A.R.S. §20-224.07 and § 43-1184)**

**Fiscal Year 2020**

- The low-income corporate credit cap for FY2020 is **\$106,993,207**.
  - The disabled/displaced corporate credit cap for FY2020 is **\$5,000,000**.
  
  - Crucial to the FY2020 Pre-Approval Process is the *Application Queue* (the Queue). The Queue will be the order in which Pre-Approval applications will be approved by ADOR.
  
  - Corporations must contact the School Tuition Organization (STO) to which they wish to donate. The corporation tells the STO the amount of the donation they will make. The STO must then complete a pre-approval form, created by the Arizona Department of Revenue (ADOR). ALL applications for pre-approval must be submitted by the STO. Any applications submitted directly by a corporation will not be processed.
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**Declaration of Donors**

No STO is allowed to request positions in the Queue for which the STO does not already have a corporation seeking Pre-Approval to donate.

- By **July 1, 2019 at 1:00PM**, STOs must submit to ADOR a spreadsheet (the “Declaration of Donors” spreadsheet) listing the following information for each donor seeking Pre-Approval to make tax-credit eligible donations to eligible STOs:
  - Name of corporation
  - Dollar amount corporation is seeking to donate
- ADOR shall respond to each STO submitting a Declaration of Donors spreadsheet confirming the number of applicants seeking donation pre-approval prior to the day the Queue opens.
- STOs are encouraged to **ensure that this listing is accurate** — any Pre-Approval applications later submitted that do not match a corporation and amount listed in the Declaration of Donors spreadsheet **shall NOT be processed**. Note that the donor and amount listed on the pre-approval application must match that previously declared in order for the pre-approval application to be processed – *however*, a donor with an approved application still has the discretion to donate all, some, or none of the approved amount.

**Application Queue – Claims Submittal and Awards Process**

- Claims for position in the Queue must be sent by email to [DOROERA@azdor.gov](mailto:DOROERA@azdor.gov).
  - STOs shall be allowed to submit one or more claim emails per Pre-Approval applicant listed in the Declaration of Donors spreadsheet. **No pre-approval applications will be submitted at this time.**
  - Each claim email must be sent with a subject line adhering to a format discussed in the [Claim Email Subject Line Format section \(see page 4\)](#) (this is to distinguish whether an email is a duplicate of one that has already been received). **Any claim email sent with a subject line that does not conform to the specified format shall not be processed.**
  
- ADOR will award Queue position numbers in order of claim email received time. If duplicate claim email numbers are received, the one with the earliest received time shall be processed and all remaining duplicates shall be ignored.
  
- **Each Queue position number an STO is awarded can be assigned exactly one Pre-Approval application to be processed for approval in the Queue.** This means that regardless of what order Queue claim emails populate the [DOROERA@azdor.gov](mailto:DOROERA@azdor.gov) inbox, STOs will be able

to assign pre-approval applications to the Queue numbers awarded in an order of the STO's preference.

- Claims for position in the Queue shall be accepted beginning **July 2, 2019 at 10:00:00AM**. Any claim emails ADOR receives showing a received time prior to 10:00:00AM shall not be processed.
  
- Beginning **July 8, 2019**, ADOR shall notify each STO of the Queue position numbers awarded.
- STOs shall have until close of business on the next business day following notification of Queue position numbers awarded to submit pre-approval application PDFs to DOR. Again, each awarded Queue position number allows STOs to submit exactly one donation Pre-Approval application.
  - STOs shall submit one pre-approval application per email, with the subject line to include the awarded Queue position number under which the STO would like the application to be considered for approval
  - For each STO, only those pre-approval applications naming corporations and for amounts matching those listed on the Declaration of Donors will be processed. **Any submitted pre-approval applications that do not match a corporation or amount listed on the Declaration of Donors shall not be processed.**
  - ADOR shall include the date of this submission deadline in the email notification of awarded Queue position numbers.
  - ADOR will not notify STOs of Queue position numbers on Fridays.
  
- All requests from an STO for pre-approval shall be sent by email using an email address associated with the STO. No other form of request for approval, such as hand delivery or regular delivery mail, will be accepted by ADOR.

### **Donation Approval Process**

- ADOR shall approve applications by *Application Queue* position number order until the applicable credit caps are met.
  
- ADOR will respond to the STO, either approving or denying the application, by email. Approval will be noted on the approval form, along with an indication as to when the 20-day period ends that is allowed for receipt of a check from the corporation. The STO should notify the donor corporation on the same day ADOR notifies the STO. A copy of the approval form should be provided to the corporation.
  - **S corporations** are no longer required to submit the shareholders' pro rata share of the approved credit.
  
- Applications that are not approved under the applicable caps shall be waitlisted, preserving the Queue position number. If funds are released from applications approved under the cap, the funds shall be released to the waitlisted pre-approval applications by order of Queue position number.
  
- Upon receipt of approval, STOs must notify ADOR of whether the donation has been received within 20 days. If the donation is not received within 20 days or the STO fails to notify ADOR within 20 days of donation receipt, then the approval expires and the associated funds shall be released to the next application(s) in the Queue waitlist.
  - STOs must notify ADOR by email upon receipt or non- receipt of the donation by the end of the 20-day period. (If the 20th day falls on a weekend or holiday, the STO may email ADOR on the next business day.) Email notification to [DOROERA@azdor.gov](mailto:DOROERA@azdor.gov) and include the approval identification number, the amount of donation received (which may differ from approved amount), and the receipt date. The STO must verify that the donation received was made by the company named on the pre-approval application.

- If the taxpayer does not make the donation within the twenty day period, the taxpayer is no longer approved for the donation.
  
- In the event a request is received for an amount that is greater than the remaining amount under the cap, ADOR shall approve only that amount that is remaining. For example, if \$500,000 is left under the cap and a request is received for \$750,000, ADOR shall approve only \$500,000 and the application will be closed. If the corporation wishes to re-apply for the un-approved portion of the donation request, a new application must be submitted in a subsequent round of Queuing and Approval.
  
- ADOR approval of an STO request does not constitute ADOR verification that the contribution meets all of the statutory requirements for a credit under A.R.S. §§ 20-224.06, 20-224.07, 43-1183, 43-1184 and 43-1089.04.

### **Remaining STO Monies**

If, as a result of the first round of Queuing and Approval of donations, the credit caps are not met, ADOR shall initiate a subsequent round of Queuing and Approval, at which time STOs can request Queue positions and approval for new donations not included in the first Declaration of Donors submission. The cap will revert to the new amount each year on July 1.

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## **Claim Email Subject Line Format**

Emails sent to claim positions in the Application Queue shall abide by the following criteria:

1. **Message Body:** <blank> (simply leave the body of the message blank)
2. **Email Subject Line:** include the following information in the following format:

**[STOName];[DonationType];[ClaimEmail#]**

- Each piece of information is separated by a semicolon “;”
- **[STOName]** – The name of the STO
- **[DonationType]** – Either “LI” for Low-Income or “DD” for Disabled/Displaced
- **[ClaimEmail#]** – Enumeration of the claim email – This number is used to uniquely identify each STOs’ claims for position in the Queue.
  - For each program for which an STO may have donors requesting to donate (LI and DD), the claim email numbers must start from 1 (see example below).

EXAMPLE:

1. **An STO called STOXYZ submits a Declaration of Donors spreadsheet listing 3 donors requesting to donate for tax credit under the Low-Income credit cap and 2 requesting to donate under the Disabled/Displaced cap.**

In order to claim 3 Low-Income and 2 D/D positions in the Application Queue, STOXYZ would have to submit 5 claim emails with the following subject lines:

- Email1 subject line: *STOXYZ;LI;1*
- Email2 subject line: *STOXYZ;LI;2*
- Email3 subject line: *STOXYZ;LI;3*
- Email4 subject line: *STOXYZ;DD;1*
- Email5 subject line: *STOXYZ;DD;2*

ADOR shall award a Queue position number for the first instance each of the above subject lines is received in the [DOROERA@azdor.gov](mailto:DOROERA@azdor.gov) inbox at or after 10:00:00AM on July 2, 2019.