

**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 2022**

- The low-income corporate credit cap for FY2022 is **\$135,346,407**.
- The disabled/displaced corporate credit cap for FY2022 is **\$5,000,000\***.
- **\*NEW FOR FY2022\*** To reduce processing burden for both ADOR and the STOs and their staffs, if ADOR determines that all Declared donation pre-approval requests can be approved in full under the fiscal year cap, ADOR will provide instructions to STOs for skipping the Claim Email Submission step that would be required if the cap is met.
- Crucial to the FY2022 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**.

\*As of June 10, 2021, both the House and Senate of the Arizona Legislature have introduced legislation affecting the annual cap for the Disabled/Displaced program. If the legislation is passed with the respective provisions in place, the annual cap would change from \$5 million to \$6 million. Passage may occur after the FY2022 corporate donation pre-approval process begins, and ADOR shall communicate to STOs if this change becomes effective.

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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 **Thursday, July 1, 2021 at 5:00PM**, 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
  - Which program (LI or DD) the donation pre-approval is requested under
- It is the sole responsibility of each STO to confirm their submission of the Declaration of Donors spreadsheet is sent successfully by verifying that an auto-reply message from [DOROERA@azdor.gov](mailto:DOROERA@azdor.gov) is received.
- It is the sole responsibility of each STO to **ensure that the information contained within the Declaration 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.
- **\*NEW FOR FY2022\*** ADOR shall send out an email notification to all STOs certified to receive corporate contributions on **Friday, July 2, 2021**. This email will provide a summary of the Declared

donation pre-approval requests and specify whether or not the **Claim Email Submission** step is required for either the Low-Income or Disabled Displaced Application Queues, depending on whether the cap availability would be met or exceeded based on the total of Declared requests. For both programs, if ADOR determines that all Declared requests can be approved in full without meeting the program cap, ADOR shall provide specific instructions for submitting complete Pre-Approval Applications (bypassing the claim email submission step), and later determine on what date STOs may begin to submit previously undeclared donation pre-approval requests for the remainder of the fiscal year cap for approval consideration on a first-come-first-served basis.

**Application Queue – Claims Submittal and Awards Process (only required if the credit cap would be met or exceeded based on total Declared requests)**

- 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 5) (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 **Tuesday, July 6, 2021 at 10:00:00AM**. Any claim emails ADOR receives showing a received time prior to 10:00:00AM shall not be processed.
- Beginning **the week of July 12**, 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. As stated above, if the FY2022 cap would not be met for a program based on the sum of all first-round Declared pre-approval requests, ADOR shall communicate this to STOs, allowing all Declared donation pre-approval requests to be submitted for approval consideration and bypassing the need for an Application Queue. In this case, specific instructions regarding how to submit Donation Pre-approval Applications will be sent to STOs.
- 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.
- 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. STOs must provide ADOR dated verification of the donation payment that identifies the donating company (copy of the check, credit card transaction, wire transfer transaction, or cash deposit slip with company name). **ALL transactions (checks, credit cards, wire transfer, cash receipt deposit slip) MUST be dated on or after the approval date and before the end of the 20 day period.**
  - If the taxpayer does not make the donation within the twenty day period, the taxpayer is no longer approved for the donation and the STO must submit a new request for pre-approval.
- 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

- At the end of the first 20 day donation period, in the event money has become available under the cap, ADOR shall process those requests on the waitlist, in the order received, until the cap is again reached. If there are no requests on the waitlist, ADOR shall set a date on which STOs can begin to submit individual pre-approval applications. Specific procedural instructions will be provided when ADOR notifies STOs of this date.
  - If the cap has not been met after all pre-approval requests in the Queue have been processed, ADOR shall set a date on which STOs can begin to submit individual pre-approval applications. Specific procedural instructions will be provided when ADOR notifies STOs of this date.
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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 “L” for Low-Income or “D” 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 (L and D), 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;L;1*
- Email2 subject line: *STOXYZ;L;2*
- Email3 subject line: *STOXYZ;L;3*
- Email4 subject line: *STOXYZ;D;1*
- Email5 subject line: *STOXYZ;D;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 Tuesday, July 6, 2021.