

## IS THIS A TAX CREDIT ELIGIBLE EXTRACURRICULAR ACTIVITY?

In accordance with A.R.S. § 15-342(24) and § 43-1089.01(G)(2):		Yes	No
1.	Is the activity sponsored by the district/school?		
2.	Is the activity for enrolled students?		
3.	Is the activity optional?		
4.	Is the activity non-credit?		
5.	Does the activity supplement the district/school's educational program?		
6.	Does the district/school charge a fee for participation in the activity? <sup>2</sup>		
7.	Is the activity fee paid directly to the district/school?		
8.	Was the fee for this activity adopted by the Governing Board at a public meeting after notice to all parents of enrolled students?		
9.	Has the Governing Board authorized the principal to waive all or part of the activity fee if it creates an economic hardship for a student?		

If you answered NO to any of these questions, then the activity is not tax credit eligible. If you are not certain how to answer any of the above questions, you should consult the school's attorney before offering tax credits for the activity.

### Frequently Asked Questions

**1. How must extracurricular activity fees be adopted?** To be eligible for tax credits, extracurricular activity fees must be adopted by the Governing Board at a public meeting after notice to all parents of students enrolled in the district. See A.R.S. § 15-342(24). Districts typically adopt a fee schedule near the beginning of the school year and may later publish supplementary fee schedules. Best practice is for any extracurricular activity fees, including fees for field trips, to be included on the district's published fee schedules. Activity fees that have not been properly noticed or adopted by the Governing Board are not tax credit eligible.

**2. Can the fees be paid directly to a third-party that is coordinating the activity?** Extracurricular activity fees must be paid directly to the district or school. Fees paid to third-parties do not qualify for tax credits. See Arizona Attorney General Opinions I03-008 and I98-007.

**3. Must the district waive all or part of an activity fee if it creates an economic hardship for a student?** The Governing Board must authorize a principal to waive all or part of an activity fee if it creates an economic hardship for a student. See A.R.S. § 15-342(24) and Arizona Attorney General Opinion I99-021. If a student does not raise enough money through tax credit donations and cannot otherwise afford to participate in an extracurricular activity, the student's principal must be authorized to waive all or part of the fee. In practice, this means the principal must find another funding source to pay for the student's activity fee. For example, the school's site council may choose to use undesignated tax credit donations to pay for the activity fees of students for whom payment would represent an economic hardship. See A.R.S. § 43-1089.01(E). Best practice is for a site council, at the beginning of the school year, to identify which activity fees it will cover and in what amounts. If a school or district is unable to waive part or all of an activity fee for a student for whom the fee creates an economic hardship, then no fees may be charged for the activity and the activity would no longer be tax credit eligible. See A.R.S. § 15-342(24).

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<sup>2</sup> Any fees charged must be no more than the actual costs of the activity. See A.R.S. § 15-342(24).