

REFERENCE TITLE: tax expenditures; supermajority enactment

State of Arizona
Senate
Forty-eighth Legislature
Second Regular Session
2008

SCR 1008

Introduced by
Senator Garcia

A CONCURRENT RESOLUTION

PROPOSING AMENDMENTS TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, SECTION 22, CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, CONSTITUTION OF ARIZONA, BY ADDING SECTION 24; RELATING TO STATE REVENUE AND TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the Senate of the State of Arizona, the House of
2 Representatives concurring:

3 1. Article IX, section 22, Constitution of Arizona, is proposed to be
4 amended as follows if approved by the voters and on proclamation of the
5 Governor:

6 22. Vote required to increase state revenues:
7 application; exceptions

8 SECTION 22. ~~(A)~~. An act that provides for a net
9 increase in state revenues, as described in subsection B is
10 effective on the affirmative vote of two-thirds of the members
11 of each house of the legislature. If the act receives such an
12 affirmative vote, it becomes effective immediately on the
13 signature of the governor as provided by article IV, part 1,
14 section 1. If the governor vetoes the measure, it shall not
15 become effective unless it is approved by an affirmative vote of
16 three-fourths of the members of each house of the legislature.

17 ~~(B)~~. The requirements of this section apply to any act
18 that provides for a net increase in state revenues in the form
19 of:

20 1. The imposition of any new tax.

21 2. An increase in a tax rate or rates.

22 ~~3. A reduction or elimination of a tax deduction,~~
23 ~~exemption, exclusion, credit or other tax exemption feature in~~
24 ~~computing tax liability.~~

25 ~~4.~~ 3. An increase in a statutorily prescribed state fee
26 or assessment or an increase in a statutorily prescribed maximum
27 limit for an administratively set fee.

28 ~~5.~~ 4. The imposition of any new state fee or assessment
29 or the authorization of any new administratively set fee.

30 ~~6.~~ 5. The elimination of an exemption from a statutorily
31 prescribed state fee or assessment.

32 ~~7.~~ 6. A change in the allocation among the state,
33 counties or cities of Arizona transaction privilege, severance,
34 jet fuel and use, rental occupancy, or other taxes.

35 ~~8.~~ 7. Any combination of the elements described in
36 paragraphs 1 through ~~7~~ 6 OF THIS SUBSECTION.

37 ~~(C)~~. This section does not apply to:

38 1. The effects of inflation, increasing assessed
39 valuation or any other similar effect that increases state
40 revenue but is not caused by an affirmative act of the
41 legislature.

42 2. Fees and assessments that are authorized by statute,
43 but are not prescribed by formula, amount or limit, and are set
44 by a state officer or agency.

1 3. Taxes, fees or assessments that are imposed by
2 counties, cities, towns and other political subdivisions of this
3 state.

4 ~~(D)~~. Each act to which this section applies shall
5 include a separate provision describing the requirements for
6 enactment prescribed by this section.

7 2. Article IX, Constitution of Arizona, is proposed to be amended by
8 adding section 24 as follows if approved by the voters and on proclamation of
9 the Governor:

10 24. Vote required to enact, increase, decrease or repeal
11 tax expenditure; definition

12 SECTION 24. A. AN ACT THAT PROVIDES FOR A NET INCREASE
13 OR DECREASE IN STATE REVENUES, IN THE MANNER DESCRIBED IN
14 SUBSECTION B OF THIS SECTION, IS EFFECTIVE ONLY ON THE
15 AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE MEMBERS OF EACH
16 HOUSE OF THE LEGISLATURE. IF THE ACT RECEIVES SUCH AN
17 AFFIRMATIVE VOTE, IT BECOMES EFFECTIVE IMMEDIATELY ON THE
18 SIGNATURE OF THE GOVERNOR AS PROVIDED BY ARTICLE IV, PART 1,
19 SECTION 1. IF THE GOVERNOR VETOES THE ACT, IT DOES NOT BECOME
20 EFFECTIVE UNLESS IT IS APPROVED BY AN AFFIRMATIVE VOTE OF AT
21 LEAST THREE-FOURTHS OF THE MEMBERS OF EACH HOUSE OF THE
22 LEGISLATURE.

23 B. THIS SECTION APPLIES TO ANY ACT THAT PROVIDES FOR A
24 NET INCREASE OR DECREASE IN STATE REVENUES IN THE FORM OF:

25 1. A REDUCTION OR ELIMINATION OF A TAX EXPENDITURE IN
26 COMPUTING TAX LIABILITY.

27 2. AN ENACTMENT OF A NEW TAX EXPENDITURE.

28 3. AN INCREASE IN THE ALLOWABLE AMOUNT OF AN EXISTING TAX
29 EXPENDITURE.

30 4. AN INCREASE IN THE NUMBER OF TAXPAYERS POTENTIALLY
31 QUALIFYING FOR A TAX EXPENDITURE.

32 C. EACH ACT TO WHICH THIS SECTION APPLIES SHALL INCLUDE A
33 SEPARATE PROVISION DESCRIBING THE REQUIREMENTS FOR ENACTMENT
34 PRESCRIBED BY THIS SECTION.

35 D. THE LEGISLATURE HAS THE SOLE RESPONSIBILITY OF
36 DETERMINING WHETHER A PROVISION OF LAW IS A TAX EXPENDITURE FOR
37 PURPOSES OF THIS SECTION, AND THAT DETERMINATION IS NOT SUBJECT
38 TO JUDICIAL REVIEW.

39 E. FOR THE PURPOSES OF THIS SECTION, "TAX EXPENDITURE"
40 MEANS ANY TAX PROVISION IN STATE LAW THAT EXEMPTS, IN WHOLE OR
41 IN PART, ANY PERSON OR ENTITY, INCOME, GOODS, SERVICES OR
42 PROPERTY FROM THE IMPACT OF EXISTING TAXES, INCLUDING
43 DEDUCTIONS, SUBTRACTIONS, EXCLUSIONS, EXEMPTIONS AND CREDITS,
44 BUT DOES NOT INCLUDE:

- 1 1. ANY TAX RATE STRUCTURE THAT FAVORS CLASSES OF
2 TAXPAYERS IF IT APPLIES GENERALLY AND CATEGORICALLY AND DOES NOT
3 FAVOR PARTICULAR TAXPAYERS.
- 4 2. TAX EXPENDITURES THAT ARE ENACTED IN THE SAME ACT THAT
5 ENACTS THE TAX TO WHICH THEY APPLY IF THE ACT IS SUBJECT TO
6 SECTION 22 OF THIS ARTICLE.
- 7 3. A DISTRIBUTION OR DISPOSITION OF TAX REVENUE THAT MAY
8 BENEFIT A PARTICULAR TAXPAYER, INCLUDING TAX REFUND PROVISIONS.
- 9 4. PROVISIONS OF LAW THAT PREVENT OR AVOID UNINTENDED
10 CONSEQUENCES FROM THE APPLICATION OF ACCOUNTING, LEGAL OR OTHER
11 TECHNICAL REQUIREMENTS.
- 12 5. PROVISIONS OF LAW THAT REFLECT THE REQUIREMENTS OF THE
13 CONSTITUTION OR LAW OF THE UNITED STATES OR THE CONSTITUTION OF
14 ARIZONA.
- 15 6. PROVISIONS OF LAW THAT EXEMPT GOVERNMENTAL ENTITIES
16 AND ACTIVITIES UNLESS THE ACTIVITY IS IN COMPETITION WITH
17 PRIVATE ENTERPRISE.
- 18 7. PROVISIONS OF LAW THAT DEFER THE PAYMENT OF TAXES, IF
19 THE FULL AMOUNT OF THE TAX WILL ULTIMATELY BECOME DUE WITH
20 INTEREST.
- 21 8. THE TERMINATION OF THE LEVY OF A TAX IF IT APPLIES
22 GENERALLY AND CATEGORICALLY AND DOES NOT FAVOR PARTICULAR
23 TAXPAYERS.
- 24 3. The Secretary of State shall submit this proposition to the voters
25 at the next general election as provided by article XXI, Constitution of
26 Arizona.