

REFERENCE TITLE: urban revenue sharing; tax credit

State of Arizona
Senate
Forty-eighth Legislature
First Regular Session
2007

SB 1246

Introduced by
Senator Burns

AN ACT

AMENDING SECTIONS 43-206 AND 43-222, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1086; RELATING TO INDIVIDUAL INCOME TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 43-206, Arizona Revised Statutes, is amended to
3 read:

4 43-206. Urban revenue sharing fund; allocation; distribution

5 A. There is established an urban revenue sharing fund. ~~For fiscal~~
6 ~~year 2000-2001 and fiscal year 2001-2002, the urban revenue sharing fund~~
7 ~~shall consist of an amount equal to fifteen per cent of the net proceeds of~~
8 ~~the state income taxes for fiscal year 1998-1999 and 1999-2000, respectively.~~
9 ~~For fiscal years 2002-2003 and 2003-2004, the fund shall consist of an amount~~
10 ~~equal to fifteen per cent of the amount of monies transferred pursuant to law~~
11 ~~in fiscal year 2000-2001 and 2001-2002, respectively, from the budget~~
12 ~~stabilization fund to the tax refund account of the state general fund plus~~
13 ~~fourteen and eight-tenths per cent of the net proceeds of the state income~~
14 ~~taxes, not including any amounts transferred from the budget stabilization~~
15 ~~fund to the tax refund account, for fiscal year 2000-2001 and 2001-2002,~~
16 ~~respectively.~~ For fiscal year 2004-2005 and each fiscal year thereafter, the
17 fund shall consist of an amount equal to fifteen per cent of the net proceeds
18 of the state income taxes for the fiscal year two years preceding the current
19 fiscal year, EXCEPT THAT THE AMOUNT OF THE NET PROCEEDS SHALL BE FURTHER
20 REDUCED BY THE TOTAL AMOUNT OF INCOME TAX CREDITS ALLOWED PURSUANT TO SECTION
21 43-1086 FOR TAXABLE YEARS BEGINNING IN THE FISCAL YEAR TWO YEARS PRECEDING
22 THE CURRENT FISCAL YEAR. The fund shall be distributed to incorporated
23 cities and towns as provided in this section. The transfer of net proceeds
24 prescribed by section 49-282, subsection B does not affect the calculation of
25 net proceeds prescribed by this subsection.

26 B. Each city or town shall share in the urban revenue sharing fund in
27 the proportion that the population of each bears to the population of
28 all. Except as provided by sections 42-5033 and 42-5033.01, the population
29 of a city or town as determined by the most recent United States decennial
30 census plus any revisions to the decennial census certified by the United
31 States bureau of the census shall be used as the basis for apportioning
32 monies pursuant to this subsection.

33 C. The treasurer, upon instruction from the department, shall
34 transmit, no later than the tenth day of each month, to each city or town an
35 amount equal to one-twelfth of that city's or town's total entitlement for
36 the current fiscal year from the urban revenue sharing fund as determined by
37 the department.

38 D. A newly incorporated city or town shall share in the urban revenue
39 sharing fund beginning the first month of the first full fiscal year
40 following incorporation.

41 E. On receipt of a certificate of default from the greater Arizona
42 development authority pursuant to section 41-1554.06 or 41-1554.07, the state
43 treasurer, to the extent not otherwise expressly prohibited by law, shall
44 withhold from the next succeeding distribution of monies pursuant to this
45 section due to the city or town the amount specified in the certificate of

1 default and immediately deposit the amount withheld in the greater Arizona
2 development authority revolving fund. The state treasurer shall continue to
3 withhold and deposit the monies until the authority certifies to the state
4 treasurer that the default has been cured. In no event shall the state
5 treasurer withhold any amount that is necessary, as certified by the
6 defaulting political subdivision to the state treasurer and the authority, to
7 make any required deposits then due for the payment of principal and interest
8 on bonds of the political subdivision that were issued prior to the date of
9 the loan repayment agreement or bonds and that have been secured by a pledge
10 of distributions made pursuant to this section.

11 Sec. 2. Section 43-222, Arizona Revised Statutes, is amended to read:
12 43-222. Income tax credit review schedule

13 Each year the joint legislative income tax credit review committee
14 shall review the following income tax credits:

15 1. In 2006, sections 43-1073, 43-1089, 43-1089.01, 43-1089.02,
16 43-1090, 43-1176 and 43-1181.

17 2. In 2007, sections 43-1077, 43-1078, 43-1079, 43-1080, 43-1165,
18 43-1166, 43-1167 and 43-1169.

19 3. In 2008, sections 43-1074.01, 43-1081, 43-1168, 43-1170 and
20 43-1178.

21 4. In 2009, sections 43-1076, 43-1081.01, 43-1084, 43-1162 and
22 43-1170.01.

23 5. In 2010, sections 43-1075, 43-1079.01, 43-1087, 43-1088,
24 43-1090.01, 43-1163, 43-1167.01, 43-1175 and 43-1182.

25 6. In 2011, sections 43-1074.02, 43-1083, 43-1085, ~~and~~ 43-1086,
26 43-1164 and 43-1183.

27 Sec. 3. Title 43, chapter 10, article 5, Arizona Revised Statutes, is
28 amended by adding section 43-1086, to read:

29 43-1086. Credit for urban revenue sharing

30 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2006, A
31 CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR THE COSTS OF
32 URBAN REVENUE SHARING TO RURAL TAXPAYERS. THE AMOUNT OF THE CREDIT IS EQUAL
33 TO FIFTEEN PER CENT OF THE TAXPAYER'S TAX LIABILITY AFTER APPLYING ALL OTHER
34 CREDITS FOR WHICH THE TAXPAYER QUALIFIES.

35 B. TO QUALIFY FOR THE CREDIT, THE TAXPAYER MUST RESIDE OUTSIDE THE
36 CORPORATE BOUNDARIES OF AN INCORPORATED CITY OR TOWN IN THIS STATE FOR THE
37 ENTIRE TAXABLE YEAR. THE DEPARTMENT SHALL ADOPT RULES FOR THE VERIFICATION
38 OF RESIDENCY AT THE BEGINNING AND END OF THE TAXABLE YEAR AND SHALL PRESCRIBE
39 A TAXPAYER STATEMENT FORM, SIGNED UNDER PENALTY OF PERJURY, THAT THE TAXPAYER
40 DID NOT RESIDE WITHIN THE MUNICIPAL LIMITS OF AN INCORPORATED CITY OR TOWN AT
41 ANY TIME DURING THE TAXABLE YEAR.

42 Sec. 4. Purpose

43 Pursuant to section 43-223, Arizona Revised Statutes, the purpose of
44 section 43-1086, Arizona Revised Statutes, as added by this act, is to
45 relieve rural taxpayers from the burden of the urban revenue sharing program.

1 Sec. 5. Verification of residency

2 Until the department of revenue adopts rules for the verification of
3 residency for the purposes of section 43-1086, Arizona Revised Statutes, as
4 added by this act, the department shall accept copies of the taxpayer's
5 residential utility statement for January and December of the taxable year
6 showing:

7 1. The taxpayer's billing address outside the boundaries of an
8 incorporated city or town.

9 2. The taxpayer's consumption of a living quantity of utility service
10 units in both months.

11 Sec. 6. Retroactivity

12 Section 43-1086, Arizona Revised Statutes, as added by this act,
13 applies retroactively to taxable years beginning from and after December 31,
14 2006.