

REFERENCE TITLE: tax deduction; health insurance premiums

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

SB 1454

Introduced by
Senator Gould: Representative Groe

AN ACT

AMENDING SECTION 43-1042, ARIZONA REVISED STATUTES; RELATING TO INDIVIDUAL
INCOME TAX DEDUCTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 43-1042, Arizona Revised Statutes, is amended to
3 read:

4 43-1042. Itemized deductions

5 A. Except as provided by subsections B, D and E of this section, at
6 the election of the taxpayer, and in lieu of the standard deduction allowed
7 by section 43-1041, in computing taxable income the taxpayer may take the
8 amount of itemized deductions allowable for the taxable year pursuant to
9 subtitle A, chapter 1, subchapter B, parts VI and VII, but subject to the
10 limitations prescribed by sections 67, 68 and 274, of the internal revenue
11 code.

12 B. In lieu of the amount of the federal itemized deduction for
13 expenses paid for medical care allowed under section 213 of the internal
14 revenue code, the taxpayer may deduct the full amount of such expenses.

15 C. Notwithstanding subsection B of this section, expenses for medical
16 care that are paid or reimbursed from the taxpayer's medical savings account
17 pursuant to section 43-1028 shall not be deducted pursuant to this section.

18 D. A qualified defense contractor that is identified and certified by
19 the department of commerce pursuant to section 41-1508 shall not claim both a
20 deduction as provided by this section and a credit under section 43-1078 with
21 respect to the same property taxes paid.

22 E. A taxpayer shall not claim both a deduction provided by this
23 section and a credit allowed by this title with respect to the same
24 charitable contributions.

25 F. The taxpayer may add any interest expense paid by the taxpayer for
26 the taxable year that is equal to the amount of federal credit for interest
27 on certain home mortgages allowed by section 25 of the internal revenue code.

28 G. A TAXPAYER MAY DEDUCT THE AMOUNT THAT IS PAID FOR HEALTH INSURANCE
29 PREMIUMS DURING THE TAXABLE YEAR AND THAT IS NOT OTHERWISE DEDUCTED IN
30 COMPUTING ARIZONA GROSS INCOME. THE DEDUCTION IS NOT ALLOWED FOR ANY AMOUNT
31 OF A HEALTH INSURANCE PREMIUM THAT IS PAID ON A PRETAX BASIS AND THAT IS
32 EXCLUDED WHEN COMPUTING ARIZONA GROSS INCOME OR SOCIAL SECURITY TAXES.