

REFERENCE TITLE: tax credit; business health insurance

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

SB 1506

Introduced by
Senator Leff; Representatives Reagan, Stump; Barnes, Crandall, DeSimone,
Driggs

AN ACT

AMENDING SECTION 43-222, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1086; RELATING TO INDIVIDUAL INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 43-222, Arizona Revised Statutes, is amended to
3 read:

4 43-222. Income tax credit review schedule

5 Each year the joint legislative income tax credit review committee
6 shall review the following income tax credits:

7 1. In 2006, sections 43-1073, 43-1089, 43-1089.01, 43-1089.02,
8 43-1090, 43-1176 and 43-1181.

9 2. In 2007, sections 43-1077, 43-1078, 43-1079, 43-1080, 43-1165,
10 43-1166, 43-1167 and 43-1169.

11 3. In 2008, sections 43-1074.01, 43-1081, 43-1168, 43-1170 and
12 43-1178.

13 4. In 2009, sections 43-1076, 43-1081.01, 43-1084, 43-1162 and
14 43-1170.01.

15 5. In 2010, sections 43-1075, 43-1079.01, 43-1087, 43-1088,
16 43-1090.01, 43-1163, 43-1167.01, 43-1175 and 43-1182.

17 6. In 2011, sections 43-1074.02, 43-1083, 43-1085, ~~and~~ 43-1164 and
18 43-1183.

19 7. IN 2012, SECTION 43-1086.

20 Sec. 2. Title 43, chapter 10, article 5, Arizona Revised Statutes, is
21 amended by adding section 43-1086, to read:

22 43-1086. Credit for small business health insurance; definition

23 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2007, A
24 CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR A SMALL
25 BUSINESS THAT PROVIDES HEALTH INSURANCE FOR EMPLOYEES OF THE SMALL
26 BUSINESS. THE AMOUNT OF THE CREDIT IS TWO HUNDRED FIFTY DOLLARS FOR EACH
27 EMPLOYEE WHO RECEIVES HEALTH INSURANCE BENEFITS AS PRESCRIBED IN THIS
28 SECTION.

29 B. TO QUALIFY FOR THE CREDIT, THE SMALL BUSINESS MUST:

30 1. OFFER TO PAY FOR AT LEAST FIFTY PER CENT OF THE HEALTH INSURANCE
31 PREMIUMS DURING THE TAXABLE YEAR FOR EVERY EMPLOYEE WHO IS ELIGIBLE FOR AND
32 ENROLLED IN THE SMALL BUSINESS'S HEALTH INSURANCE PLAN.

33 2. ENROLL AT LEAST SEVENTY-FIVE PER CENT OF THE ELIGIBLE EMPLOYEES IN
34 THE SMALL BUSINESS'S HEALTH INSURANCE PLAN.

35 3. PROVIDE THE HEALTH INSURANCE DURING ANY PERIOD OF THE TAXABLE YEAR
36 TO THE EMPLOYEE FOR WHOM THE CREDIT IS CLAIMED.

37 C. CO-OWNERS OF A BUSINESS, INCLUDING PARTNERS IN A PARTNERSHIP AND
38 SHAREHOLDERS OF AN S CORPORATION, AS DEFINED IN SECTION 1361 OF THE INTERNAL
39 REVENUE CODE, MAY EACH CLAIM ONLY THE PRO RATA SHARE OF THE CREDIT ALLOWED
40 UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS
41 ALLOWED ALL OF THE OWNERS SHALL NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN
42 ALLOWED FOR A SOLE OWNER.

43 D. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER
44 THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS
45 TITLE, THE TAXPAYER MAY CARRY THE AMOUNT OF THE CLAIM NOT USED TO OFFSET THE

1 TAXES UNDER THIS TITLE FORWARD FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE
2 YEARS' INCOME TAX LIABILITY.
3 E. FOR THE PURPOSES OF THIS SECTION, "SMALL BUSINESS" MEANS A TAXPAYER
4 WHO EMPLOYS AT LEAST TWO AND NOT MORE THAN TEN EMPLOYEES WHO ARE RESIDENTS OF
5 THIS STATE.
6 Sec. 3. Purpose
7 Pursuant to section 43-223, Arizona Revised Statutes, the legislature
8 enacts section 43-1086, Arizona Revised Statutes, as added by this act, to
9 reduce the amount of state income taxes paid by small business employers in
10 this state who provide health insurance benefits to their employees.