

REFERENCE TITLE: tax credits; STAN account

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

SB 1542

Introduced by
Senator Verschoor

AN ACT

AMENDING SECTION 43-222, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1086; AMENDING SECTION 43-1121, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1184; RELATING TO INDIVIDUAL AND CORPORATE 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, SECTIONS 43-1086 AND 43-1184.

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 statewide transportation acceleration needs
23 account donations

24 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2007, A
25 CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR THE AMOUNT OF
26 CASH DONATIONS MADE BY A TAXPAYER DURING THE TAXABLE YEAR TO THE STATEWIDE
27 TRANSPORTATION ACCELERATION NEEDS ACCOUNT ESTABLISHED BY SECTION 28-7009, BUT
28 NOT EXCEEDING:

29 1. _____ DOLLARS FOR A SINGLE INDIVIDUAL OR A HEAD OF HOUSEHOLD.

30 2. _____ DOLLARS FOR A MARRIED COUPLE FILING A JOINT RETURN.

31 B. A HUSBAND AND WIFE WHO FILE SEPARATE RETURNS FOR A TAXABLE YEAR IN
32 WHICH THEY COULD HAVE FILED A JOINT RETURN MAY EACH CLAIM ONLY ONE-HALF OF
33 THE TAX CREDIT THAT WOULD HAVE BEEN ALLOWED FOR A JOINT RETURN.

34 C. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER
35 THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS
36 TITLE, THE TAXPAYER MAY CARRY THE AMOUNT OF THE CLAIM NOT USED TO OFFSET THE
37 TAXES UNDER THIS TITLE FORWARD FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE
38 YEARS' INCOME TAX LIABILITY.

39 Sec. 3. Section 43-1121, Arizona Revised Statutes, is amended to read:

40 43-1121. Additions to Arizona gross income; corporations

41 In computing Arizona taxable income for a corporation, the following
42 amounts shall be added to Arizona gross income:

43 1. The amounts computed pursuant to section 43-1021, paragraphs 3
44 through 9, 12, 26 and 27.

1 2. The amount of dividend income received from corporations and
2 allowed as a deduction pursuant to sections 243, 244 and 245 of the internal
3 revenue code.

4 3. Taxes which are based on income paid to states, local governments
5 or foreign governments and which were deducted in computing federal taxable
6 income.

7 4. Expenses and interest relating to tax-exempt income on indebtedness
8 incurred or continued to purchase or carry obligations the interest on which
9 is wholly exempt from the tax imposed by this title. Financial institutions,
10 as defined in section 6-101, shall be governed by section 43-961,
11 paragraph 2.

12 5. Commissions, rentals and other amounts paid or accrued to a
13 domestic international sales corporation controlled by the payor corporation
14 if the domestic international sales corporation is not required to report its
15 taxable income to this state because its income is not derived from or
16 attributable to sources within this state. If the domestic international
17 sales corporation is subject to article 4 of this chapter, the department
18 shall prescribe by rule the method of determining the portion of the
19 commissions, rentals and other amounts which are paid or accrued to the
20 controlled domestic international sales corporation and which shall be
21 deducted by the payor. "Control" for purposes of this paragraph means direct
22 or indirect ownership or control of fifty per cent or more of the voting
23 stock of the domestic international sales corporation by the payor
24 corporation.

25 6. Federal income tax refunds received during the taxable year to the
26 extent they were deducted in arriving at Arizona taxable income in a previous
27 year.

28 7. The amount of net operating loss taken pursuant to section 172 of
29 the internal revenue code.

30 8. The amount of exploration expenses determined pursuant to section
31 617 of the internal revenue code to the extent that they exceed seventy-five
32 thousand dollars and to the extent that the election is made to defer those
33 expenses not in excess of seventy-five thousand dollars.

34 9. Amortization of costs incurred to install pollution control devices
35 and deducted pursuant to the internal revenue code or the amount of deduction
36 for depreciation taken pursuant to the internal revenue code on pollution
37 control devices for which an election is made pursuant to section 43-1129.

38 10. The amount of depreciation or amortization of costs of child care
39 facilities deducted pursuant to section 167 or 188 of the internal revenue
40 code for which an election is made to amortize pursuant to section 43-1130.

41 11. Arizona state income tax refunds received, to the extent the amount
42 of the refunds is not already included in Arizona gross income, if a tax
43 benefit was derived by deduction of this amount in a prior year.

1 12. The amount paid as taxes on property in this state by a qualified
2 defense contractor with respect to which a credit is claimed under section
3 43-1166.

4 13. The loss of an insurance company that is exempt under section
5 43-1201 to the extent that it is included in computing Arizona gross income
6 on a consolidated return pursuant to section 43-947.

7 14. The amount by which the depreciation or amortization computed under
8 the internal revenue code with respect to property for which a credit was
9 taken under section 43-1169 exceeds the amount of depreciation or
10 amortization computed pursuant to the internal revenue code on the Arizona
11 adjusted basis of the property.

12 15. The amount by which the adjusted basis computed under the internal
13 revenue code with respect to property for which a credit was claimed under
14 section 43-1169 and which is sold or otherwise disposed of during the taxable
15 year exceeds the adjusted basis of the property computed under section
16 43-1169.

17 16. The amount by which the depreciation or amortization computed under
18 the internal revenue code with respect to property for which a credit was
19 taken under either section 43-1170 or 43-1170.01 exceeds the amount of
20 depreciation or amortization computed pursuant to the internal revenue code
21 on the Arizona adjusted basis of the property.

22 17. The amount by which the adjusted basis computed under the internal
23 revenue code with respect to property for which a credit was claimed under
24 either section 43-1170 or 43-1170.01 and which is sold or otherwise disposed
25 of during the taxable year exceeds the adjusted basis of the property
26 computed under section 43-1170 or 43-1170.01, as applicable.

27 18. The deduction referred to in section 1341(a)(4) of the internal
28 revenue code for restoration of a substantial amount held under a claim of
29 right.

30 19. The amount by which a capital loss carryover allowable pursuant to
31 section 1341(b)(5) of the internal revenue code exceeds the capital loss
32 carryover allowable pursuant to section 43-1130.01, subsection F.

33 20. Any amount deducted in computing Arizona taxable income as expenses
34 for installing solar stub outs or electric vehicle recharge outlets in this
35 state with respect to which a credit is claimed pursuant to section 43-1176.

36 21. Any wage expenses deducted pursuant to the internal revenue code
37 for which a credit is claimed under section 43-1175 and representing net
38 increases in qualified employment positions for employment of temporary
39 assistance for needy families recipients.

40 22. Any amount of expenses that were deducted pursuant to the internal
41 revenue code and for which a credit is claimed under section 43-1178.

42 23. Any amount deducted for conveying ownership or development rights
43 of property to an agricultural preservation district under section 48-5702
44 for which a credit is claimed under section 43-1180.

1 24. The amount of any deduction that is claimed in computing Arizona
2 gross income and that represents a donation of a school site for which a
3 credit is claimed under section 43-1181.

4 25. The amount of any deductions that are claimed in computing federal
5 taxable income representing expenses for which a credit is claimed under
6 section 43-1163.

7 26. Any amount deducted in computing Arizona taxable income as expenses
8 for installing water conservation system plumbing stub outs in this state
9 with respect to which a credit is claimed pursuant to section 43-1182.

10 27. Any amount deducted pursuant to section 170 of the internal revenue
11 code representing contributions to a school tuition organization for which a
12 credit is claimed under section 43-1183.

13 28. ANY AMOUNT DEDUCTED PURSUANT TO SECTION 170 OF THE INTERNAL REVENUE
14 CODE REPRESENTING DONATIONS TO THE STATEWIDE TRANSPORTATION ACCELERATION
15 NEEDS ACCOUNT FOR WHICH A CREDIT IS CLAIMED UNDER SECTION 43-1184.

16 Sec. 4. Title 43, chapter 11, article 6, Arizona Revised Statutes, is
17 amended by adding section 43-1184, to read:

18 43-1184. Credit for statewide transportation acceleration needs
19 account donations

20 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2007, A
21 CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR THE AMOUNT OF
22 CASH DONATIONS MADE BY A TAXPAYER DURING THE TAXABLE YEAR TO THE STATEWIDE
23 TRANSPORTATION ACCELERATION NEEDS ACCOUNT ESTABLISHED BY SECTION 28-7009, BUT
24 NOT EXCEEDING _____ DOLLARS.

25 B. CO-OWNERS OF A BUSINESS, INCLUDING CORPORATE PARTNERS IN A
26 PARTNERSHIP, MAY EACH CLAIM ONLY THE PRO RATA SHARE OF THE CREDIT ALLOWED
27 UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS
28 ALLOWED ALL SUCH OWNERS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN
29 ALLOWED A SOLE OWNER.

30 C. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER
31 THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS
32 TITLE, THE TAXPAYER MAY CARRY THE AMOUNT OF THE CLAIM NOT USED TO OFFSET THE
33 TAXES UNDER THIS TITLE FORWARD FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE
34 YEARS' INCOME TAX LIABILITY.

35 Sec. 5. Purpose

36 Pursuant to section 43-223, Arizona Revised Statutes, the legislature
37 enacts sections 43-1086 and 43-1184, Arizona Revised Statutes, as added by
38 this act, to encourage individual and corporate taxpayers to make donations
39 to the statewide transportation acceleration needs account to accelerate the
40 construction or reconstruction of freeways, state highways, bridges and
41 interchanges in this state.