

COMMITTEE ON WAYS AND MEANS

Representative Jack Harper, Chairman
 Representative Ted Vogt, Vice-Chairman
 Daniel Gonzalez-Plumhoff, Legislative Research Analyst



* Strike-Everything Amendment
 [E] Emergency Clause
 [P 105] Proposition 105 Clause
 [P 108] Proposition 108 Clause
 [LIV] Line Item Veto

Bill	Chapter	Short Title	Page
HB 2008	4 [E]	internal revenue code conformity.....	99
HB 2201	315	*unclaimed property; holder information rulings	99
HB 2202	316	department of revenue closing agreements	99
HB 2236	329	sharing revenue information; political subdivisions.....	99
HB 2332	128	*conformity policy; internal revenue code	99
HB 2336	129	city tax code; official copy	99
HB 2341	300	*taxes; aircraft; personal property.....	99
HB 2552	8	agricultural property tax classification; equine	99
HB 2556	287	health savings accounts; tax incentives.....	100
HB 2706	221	*supplementary reading instruction; teachers..... (See Committee on Education)	34
SB 1165	66	municipal taxes; auditors and collectors	100
SB 1166	144	municipal tax exemption; commercial lease	100
SB 1218	322	fire districts; accounts; finances	100
SB 1226	342	*levy limit override; city; town.....	100
SB 1242	148	tax deed land sales	100
SB 1295	233	provisional community colleges; levy limit	100
SB 1313	295	public health districts; voter approval.....	101

Bill	Chapter	Short Title	Page
SB 1512	72	*bond election; informational pamphlet.....	101
SB 1553	75	education; Arizona empowerment accounts.....	101

HB 2008 – Chapter 4 [E] – internal revenue code conformity

An emergency measure that updates the statutory definition of *internal revenue code* to conform to changes made at the federal level. This includes changes adopted by the Congress in the Temporary Extension Act of 2010; the Hiring Incentives to Restore Employment Act; the Patient Protection and Affordable Care Act; the Health Care and Education Reconciliation Act of 2010; the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010; the Dodd-Frank Wall Street Reform and Consumer Protection Act; the Small Business Jobs Act of 2010; the Claims Resolution Act of 2010; the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010; and the Regulated Investment Company Modernization Act of 2010.

HB 2201 – Chapter 315 – *unclaimed property; holder information rulings

Allows unclaimed property holders or potential unclaimed property holders to anonymously request holder information rulings from DOR through an authorized holder representative, and stipulates that a holder information ruling is not binding on DOR for the purpose of abating interest, penalties or holder liability if the holder does not disclose their identifying information.

HB 2202 – Chapter 316 – department of revenue closing agreements

Narrows the statutory definition of *affected class* for the purpose of determining whether noncompliance with Arizona tax laws was due to a pervasive misunderstanding or misapplication of the law.

HB 2236 – Chapter 329 – sharing revenue information; political subdivisions

Allows counties and incorporated municipalities to utilize the liability setoff program within DOR for the purpose of identifying debtors and intercepting tax refunds to pay debts owed.

HB 2332 – Chapter 128 – *conformity policy; internal revenue code

Prohibits DOR from assessing interest or penalties on a nonconformity deficiency when a taxpayer's income tax return must be amended due to changes to the Arizona tax statutes adopted under a revised definition of *internal revenue code*, and requires individuals that are subject to use tax for non-business purposes, which is not collected by a registered retailer, to declare the annual amount of the tax due on their individual income tax form.

HB 2336 – Chapter 129 – city tax code; official copy

Requires DOR to electronically post and maintain an official and up-to-date copy of the Model City Tax Code (MCTC), beginning July 1, 2012, and requires that any changes to the MCTC approved by the Municipal Tax Code Commission or any tax rate changes passed by municipal ordinance be reflected in the MCTC within 10 days of approval or passage.

HB 2341 – Chapter 300 - *taxes; aircraft; personal property

Exempts aircraft, navigational and communication instruments, and other accessories and related equipment sold to foreign governments and used within Arizona from TPT and use taxes.

HB 2552 – Chapter 8 – agricultural property tax classification; equine

Broadens the statutory definition of *agricultural real property* to include registered equine rescue facilities and land or improvements devoted to the commercial breeding, raising, boarding or training of equine.

HB 2556 – Chapter 287 – health savings accounts; tax incentives

Establishes individual and corporate income tax credits for employers who provide qualified health plans or contributions to health savings accounts (HSA) in the amount of \$360 for every enrolled employee who is an Arizona resident, beginning in TY 2012 through TY 2014.

- Adds the amount of any deduction claimed in computing federal adjusted gross income for health insurance premiums or contributions to an HSA for which a credit is claimed to the computation of Arizona gross income.
- Requires that employers offer qualified health insurance plans to all employees, and provide qualified health insurance plans to enrolled employees for at least 12 consecutive months in order to claim the credit.

SB 1165 – Chapter 66 – municipal taxes; auditors and collectors

Prohibits municipalities from contracting with or employing auditors on a contingent fee basis for the purpose of auditing any TPT or affiliated taxes levied, and from contracting with a third party other than the state or a political subdivision of the state for tax collection services other than the collection of delinquent taxes for which a liability has been established.

SB 1166 – Chapter 144 – municipal tax exemption; commercial lease

Exempts commercial leases of real property between corporations in which at least 80% of the voting shares of each corporation are owned by the same shareholders from municipal TPT, sales, use or other similar taxes.

SB 1218 – Chapter 322 – fire districts; accounts; finances

Modifies reporting requirements for special taxing districts, prescribes revised accounting procedures for county fire districts, and alters the amount of Fire District Assistance Tax (FDAT) monies payable to a fire district or consolidated fire district.

- Caps the amount of FDAT monies payable to a fire district or consolidated fire district at \$400,000 beginning in FY 2012-13, regardless of whether the district is located in more than one county.

SB 1226 – Chapter 342 – *levy limit override; city; town

Authorizes municipalities with a population of 25,000 to 40,000 to levy an additional secondary property tax to fund specific purposes called for and voted on by the public at an election held on or before November 6, 2012.

- Excludes revenues collected through the levy from primary property tax levy limitations otherwise prescribed for any year and from the limitation on residential ad valorem property taxes prescribed by the Arizona Constitution.

SB 1242 – Chapter 148 – tax deed land sales

Allows a county board of supervisors to sell real property held by tax deed to a county, municipality, or special taxing district for public purposes related to flood control or transportation.

SB 1295 – Chapter 233 – provisional community colleges; levy limit

Requires the Property Tax Oversight Commission to set the primary property tax levy limit for provisional community college districts if no primary property taxes were levied by the district in the preceding year.

SB 1313 – Chapter 295 – public health districts; voter approval

Retroactively repeals the method for establishing a public health services district through the unanimous vote of a county's board of supervisors, beginning January 1, 2011.

SB 1512 – Chapter 72 – *bond election; informational pamphlet

Requires that informational pamphlets issued by a political subdivision of the state for bond elections include the estimated tax impact of debt service for the bonds on Class 2 property, based on a value of \$100,000, and decreases the value for which the estimated tax impact on Class 1 property is based, from \$2,500,000 to \$1,000,000.

SB 1553 – Chapter 75 – education; Arizona empowerment accounts

Establishes and prescribes rules and requirements for the Arizona Empowerment Scholarship Accounts program for qualified students with disabilities, consisting of 90% of the base level support that would otherwise be allocated for that student.

- Requires that parents agree to provide an education in at least the subjects of reading, grammar, mathematics, social studies and science, not enroll the student in a school district or charter school, release the school district from all obligations to educate the student, and not accept a scholarship for the student from a School Tuition Organization in the same year that the Arizona Empowerment Scholarship Account agreement is signed.
- Allows monies within Arizona Empowerment Scholarship Accounts to be used for tuition, fees, and required textbook costs at non-governmental schools or postsecondary institutions, educational therapies or services, tutoring services, curriculum, tuition or fees for a nonpublic online learning program, fees for standardized testing and advanced placement or other college admission exams, contributions to a federally-qualified tuition program, and account management fees.

