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REFERENCE TITLE: corporate income tax; sales factor

State of Arizona  
House of Representatives  
Forty-sixth Legislature  
First Regular Session  
2003

## **HB 2356**

Introduced by  
Representatives Huffman, Hershberger, Hanson, O'Halleran, Jayne, Senator  
Martin: Representatives Barnes, Carruthers, Farnsworth, Gullett, Reagan,  
Yarbrough, Senator Hellon

AN ACT

AMENDING SECTION 43-1139, ARIZONA REVISED STATUTES; RELATING TO CORPORATE  
INCOME TAX ALLOCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 43-1139, Arizona Revised Statutes, is amended to  
3 read:

4 43-1139. Allocation of business income

5 A. Except as provided in subsection B of this section, **THE TAXPAYER**  
6 **SHALL ELECT TO APPORTION** all business income ~~shall be apportioned~~ to this  
7 state by **EITHER OF THE FOLLOWING FORMULAS:**

8 1. Multiplying the income by a fraction, the numerator of which is the  
9 property factor plus the payroll factor plus two times the sales factor, and  
10 the denominator of which is four.

11 2. **MULTIPLYING THE INCOME BY THE SALES FACTOR.**

12 B. All business income of a taxpayer engaged in air commerce shall be  
13 apportioned to this state by multiplying the income by a fraction, the  
14 numerator of which is the revenue aircraft miles flown within this state for  
15 flights beginning or ending in this state and the denominator of which is the  
16 total revenue aircraft miles flown by the taxpayer's aircraft everywhere.  
17 This subsection applies to each taxpayer, including a combined group filing a  
18 combined return or an affiliated group electing to file a consolidated return  
19 under section 43-947, if fifty per cent or more of that taxpayer's gross  
20 income is derived from air commerce. For **THE** purposes of this subsection:

21 1. "Air commerce" means transporting persons or property for hire by  
22 aircraft in interstate, intrastate or international transportation.

23 2. "Revenue aircraft miles flown" has the same meaning prescribed by  
24 the United States department of transportation uniform system of accounts and  
25 reports for large certificated air carriers (14 Code of Federal Regulations  
26 part 241).

27 Sec. 2. Effective date

28 This act is effective and applies to taxable years beginning from and  
29 after December 31, 2003.