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House Engrossed

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

HOUSE BILL 2270

AN ACT

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

1

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~~ FOR TAXABLE YEARS BEGINNING FROM AND AFTER:
8 1. DECEMBER 31, 2004 THROUGH DECEMBER 31, 2005 BY EITHER:
9 (a) Multiplying the income by a fraction, the numerator of which is
10 the property factor plus the payroll factor plus two times the sales factor,
11 and the denominator of which is four.
12 (b) MULTIPLYING THE INCOME BY A FRACTION, THE NUMERATOR OF WHICH IS
13 TWO TIMES THE PROPERTY FACTOR PLUS TWO TIMES THE PAYROLL FACTOR PLUS SIX
14 TIMES THE SALES FACTOR, AND THE DENOMINATOR OF WHICH IS TEN.
15 2. DECEMBER 31, 2005 BY EITHER:
16 (a) MULTIPLYING THE INCOME BY A FRACTION, THE NUMERATOR OF WHICH IS
17 THE PROPERTY FACTOR PLUS THE PAYROLL FACTOR PLUS TWO TIMES THE SALES FACTOR,
18 AND THE DENOMINATOR OF WHICH IS FOUR.
19 (b) MULTIPLYING THE INCOME BY A FRACTION, THE NUMERATOR OF WHICH IS
20 ONE AND ONE-HALF TIMES THE PROPERTY FACTOR PLUS ONE AND ONE-HALF TIMES THE
21 PAYROLL FACTOR PLUS SEVEN TIMES THE SALES FACTOR, AND THE DENOMINATOR OF
22 WHICH IS TEN.
23 B. All business income of a taxpayer engaged in air commerce shall be
24 apportioned to this state by multiplying the income by a fraction, the
25 numerator of which is the revenue aircraft miles flown within this state for
26 flights beginning or ending in this state and the denominator of which is the
27 total revenue aircraft miles flown by the taxpayer's aircraft everywhere.
28 This subsection applies to each taxpayer, including a combined group filing a
29 combined return or an affiliated group electing to file a consolidated return
30 under section 43-947, if fifty per cent or more of that taxpayer's gross
31 income is derived from air commerce. For THE purposes of this subsection:
32 1. "Air commerce" means transporting persons or property for hire by
33 aircraft in interstate, intrastate or international transportation.
34 2. "Revenue aircraft miles flown" has the same meaning prescribed by
35 the United States department of transportation uniform system of accounts and
36 reports for large certificated air carriers (14 Code of Federal Regulations
37 part 241).