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REFERENCE TITLE: tax deduction; 529 education plans

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

HB 2271

Introduced by
Representatives Huffman, Jayne, Mason, McClure, O'Halleran: Allen J, Gray
C, Gullett, Hanson, Hershberger, Quelland, Tully, Yarbrough

AN ACT

**AMENDING SECTION 43-1042, ARIZONA REVISED STATUTES; RELATING TO INDIVIDUAL
INCOME TAX DEDUCTIONS.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 43-1042, Arizona Revised Statutes, is amended to
3 read:
4 43-1042. Itemized deductions
5 A. Except as provided by subsections B, D and E of this section, at
6 the election of the taxpayer, and in lieu of the standard deduction allowed
7 by section 43-1041, in computing taxable income the taxpayer may take the
8 amount of itemized deductions allowable for the taxable year pursuant to
9 subtitle A, chapter 1, subchapter B, parts VI and VII, but subject to the
10 limitations prescribed by sections 67, 68 and 274, of the internal revenue
11 code.
12 B. In lieu of the amount of the federal itemized deduction for
13 expenses paid for medical care allowed under section 213 of the internal
14 revenue code, the taxpayer may deduct:
15 1. For the 1992 taxable year, the amount of such expenses that exceed
16 six per cent of the taxpayer's federal adjusted gross income.
17 2. For the 1993 taxable year, the amount of such expenses that exceed
18 four per cent of the taxpayer's federal adjusted gross income.
19 3. For the 1994 taxable year, the amount of such expenses that exceed
20 two per cent of the taxpayer's federal adjusted gross income.
21 4. For the 1995 taxable year and each taxable year thereafter, the
22 full amount of such expenses.
23 C. Notwithstanding subsection B of this section, expenses for medical
24 care that are paid or reimbursed from the taxpayer's medical savings account
25 pursuant to section 43-1028 shall not be deducted pursuant to this section.
26 D. A qualified defense contractor that is identified and certified by
27 the department of commerce pursuant to section 41-1508 shall not claim both a
28 deduction as provided by this section and a credit under section 43-1078 with
29 respect to the same property taxes paid.
30 E. A taxpayer shall not claim both a deduction provided by this
31 section and a credit allowed by this title with respect to the same
32 charitable contributions.
33 F. The taxpayer may add any interest expense paid by the taxpayer for
34 the taxable year that is equal to the amount of federal credit for interest
35 on certain home mortgages allowed by ~~internal revenue code~~ section 25 OF THE
36 INTERNAL REVENUE CODE.
37 G. A TAXPAYER MAY DEDUCT THE AMOUNT OF CONTRIBUTIONS MADE TO A
38 QUALIFIED STATE TUITION PROGRAM DETERMINED PURSUANT TO SECTION 529 OF THE
39 INTERNAL REVENUE CODE, BUT NOT EXCEEDING FIVE HUNDRED DOLLARS IN ANY TAXABLE
40 YEAR.