REFERENCE TITLE: income tax credit; property taxes

State of Arizona
Senate
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2006

SB 1088

Introduced by
Senators Arzberger, Aguirre, Garcia, Mitchell; Representatives Alvarez, Landrum Taylor: Senators Aboud, Cannell, Waring; Representatives Burns J, Lujan

AN ACT

AMENDING SECTION 43-222, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2005, CHAPTER 12, SECTION 1, CHAPTER 264, SECTION 1, CHAPTER 316, SECTION 2 AND CHAPTER 317, SECTION 10; REPEALING SECTION 43-222, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2005, CHAPTER 292, SECTION 1; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1072.02; RELATING TO INDIVIDUAL INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 43-222, Arizona Revised Statutes, as amended by Laws 2005, chapter 12, section 1, chapter 264, section 1, chapter 316, section 2 and chapter 317, section 10, is amended to read:

43-222. Income tax credit review schedule

Each year the joint legislative income tax credit review committee shall review the following income tax credits:

1. In 2005, sections 43-1087, 43-1088 and 43-1175.

2. In 2006, sections 43-1073, 43-1089, 43-1089.01, 43-1089.02, 43-1090, 43-1176 and 43-1181.

3. In 2007, sections 43-1077, 43-1078, 43-1079, 43-1080, 43-1165, 43-1166, 43-1167 and 43-1169.

4. In 2008, sections 43-1074.01, 43-1081, 43-1168, 43-1170 and 43-1178.

5. In 2009, sections 43-1076, 43-1081.01, 43-1083, 43-1084, 43-1162 and 43-1170.01.

6. In 2010, sections 43-1075, ~~and 43-1163.~~

~~7. In 2010, sections~~ 43-1079.01, ~~and~~ 43-1090.01, 43-1163, 43-1167.01 AND 43-1182.

~~8.~~ 7. In 2011, ~~section~~ SECTIONS 43-1072.02 AND 43-1074.02.

Sec. 2. Repeal

Section 43-222, Arizona Revised Statutes, as amended by Laws 2005, chapter 292, section 1, is repealed.

Sec. 3. Title 43, chapter 10, article 5, Arizona Revised Statutes, is amended by adding section 43-1072.02, to read:

43-1072.02. Credit for property taxes; definitions

A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2006, A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR PROPERTY TAXES PAID IN THE TAXABLE YEAR FOR A TAXPAYER'S PRIMARY RESIDENCE IN THIS STATE IF ALL OF THE FOLLOWING APPLY:

1. THE TAXPAYER RESIDED IN THE PRIMARY RESIDENCE FOR AT LEAST TWO CONSECUTIVE YEARS BEFORE THE BEGINNING OF THE TAXABLE YEAR.

2. THE TAXPAYER PAID PROPERTY TAXES ON THE PRIMARY RESIDENCE DURING THE TAXABLE YEAR.

3. EITHER THE TAXPAYER IS:

(a) SINGLE, THE TAXPAYER IS SIXTY-FIVE YEARS OF AGE OR OLDER AND THE INCOME FOR THE TAXPAYER FROM ALL SOURCES IN THE TAXABLE YEAR DOES NOT EXCEED FIVE HUNDRED PER CENT OF THE SUPPLEMENTAL SECURITY INCOME BENEFIT RATE ESTABLISHED BY SECTION 1611(b)(1) OF THE SOCIAL SECURITY ACT.

(b) MARRIED, THE TAXPAYER OR TAXPAYER'S SPOUSE IS SIXTY-FIVE YEARS OF AGE OR OLDER AND THE COMBINED TOTAL INCOME FOR BOTH SPOUSES FROM ALL SOURCES IN THE TAXABLE YEAR DOES NOT EXCEED FIVE HUNDRED PER CENT OF THE SUPPLEMENTAL SECURITY INCOME BENEFIT RATE ESTABLISHED BY SECTION 1611(b)(1) OF THE SOCIAL SECURITY ACT.

4. THE PROPERTY VALUATION PROTECTION OPTION PURSUANT TO ARTICLE IX, SECTION 18, SUBSECTION (7), CONSTITUTION OF ARIZONA, HAS NOT BEEN APPLIED TO THE TAXPAYER'S PRIMARY RESIDENCE.

B. THE AMOUNT OF THE CREDIT IS EQUAL TO:

1. IN THE FIRST YEAR A CREDIT IS CLAIMED UNDER THIS SECTION, THE DIFFERENCE IN THE PROPERTY TAXES PAID FOR THE TAXPAYER'S PRIMARY RESIDENCE DURING THE CURRENT TAXABLE YEAR AND THE PROPERTY TAXES PAID FOR THE TAXPAYER'S PRIMARY RESIDENCE IN THE PRIOR TAXABLE YEAR.

2. IN THE SECOND CONSECUTIVE YEAR A CREDIT IS CLAIMED UNDER THIS SECTION, THE DIFFERENCE IN PROPERTY TAXES PAID FOR THE TAXPAYER'S PRIMARY RESIDENCE DURING THE CURRENT TAXABLE YEAR AND THE PROPERTY TAXES PAID FOR THE TAXPAYER'S PRIMARY RESIDENCE IN THE YEAR PRECEDING THE FIRST YEAR IN WHICH THE CREDIT WAS CLAIMED UNDER THIS SECTION.

3. IN THE THIRD CONSECUTIVE YEAR THE CREDIT IS CLAIMED UNDER THIS SECTION, THE DIFFERENCE IN PROPERTY TAXES PAID FOR THE TAXPAYER'S PRIMARY RESIDENCE DURING THE CURRENT TAXABLE YEAR AND THE PROPERTY TAXES PAID FOR THE TAXPAYER'S PRIMARY RESIDENCE IN THE YEAR PRECEDING THE FIRST YEAR IN WHICH THE CREDIT WAS CLAIMED UNDER THIS SECTION.

4. IN THE FOURTH CONSECUTIVE YEAR A CREDIT IS CLAIMED UNDER THIS SECTION, THE DIFFERENCE IN THE PROPERTY TAXES PAID FOR THE TAXPAYER'S PRIMARY RESIDENCE DURING THE CURRENT TAXABLE YEAR AND THE PROPERTY TAXES PAID FOR THE TAXPAYER'S PRIMARY RESIDENCE IN THE YEAR PRECEDING THE FIRST YEAR IN WHICH THE CREDIT WAS CLAIMED UNDER THIS SECTION.

5. IN THE FIFTH CONSECUTIVE YEAR A CREDIT IS CLAIMED UNDER THIS SECTION, THE DIFFERENCE IN THE PROPERTY TAXES PAID FOR THE TAXPAYER'S PRIMARY RESIDENCE DURING THE CURRENT TAXABLE YEAR AND THE PROPERTY TAXES PAID FOR THE TAXPAYER'S PRIMARY RESIDENCE IN THE YEAR PRECEDING THE FIRST YEAR IN WHICH THE CREDIT WAS CLAIMED UNDER THIS SECTION.

6. IN THE SIXTH CONSECUTIVE YEAR THE CREDIT IS CLAIMED UNDER THIS SECTION AND EVERY CONSECUTIVE YEAR THEREAFTER, THE DIFFERENCE IN THE PROPERTY TAXES PAID FOR THE TAXPAYER'S PRIMARY RESIDENCE DURING THE CURRENT TAXABLE YEAR AND THE PROPERTY TAXES PAID FOR THE TAXPAYER'S PRIMARY RESIDENCE IN THE FIFTH TAXABLE YEAR PRECEDING THE CURRENT TAXABLE YEAR IN WHICH THE CREDIT WAS CLAIMED UNDER THIS SECTION.

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

D. THE TAXPAYER SHALL SUBMIT COPIES OF THE TAXPAYER'S APPLICABLE PROPERTY TAX STATEMENTS OR SUITABLE REPRESENTATIONS OF THE STATEMENTS AS PRESCRIBED BY THE DEPARTMENT.

E. IF A TAXPAYER INITIALLY CLAIMS A CREDIT UNDER THIS SECTION BUT THE TAXPAYER'S PRIMARY RESIDENCE CHANGES IN A SUBSEQUENT TAXABLE YEAR, ALL OF THE REQUIREMENTS PRESCRIBED UNDER SUBSECTION A MUST STILL BE MET AND, IF ELIGIBLE, THE TAXPAYER SHALL INITIATE A NEW CLAIM FOR A CREDIT BEGINNING WITH THE AMOUNT PRESCRIBED IN SUBSECTION B, PARAGRAPH 1.

F. FOR THE PURPOSES OF THIS SECTION:
1. "INCOME":
(a) MEANS THE SUM OF THE FOLLOWING:
(i) ADJUSTED GROSS INCOME AS DEFINED BY THE DEPARTMENT.
(ii) THE AMOUNT OF CAPITAL GAINS EXCLUDED FROM ADJUSTED GROSS INCOME.
(iii) NONTAXABLE STRIKE BENEFITS.
(iv) NONTAXABLE INTEREST THAT IS RECEIVED FROM THE FEDERAL GOVERNMENT OR ANY OF ITS INSTRUMENTALITIES.
(v) PAYMENTS THAT ARE RECEIVED FROM A RETIREMENT PROGRAM AND PAID BY THIS STATE OR ANY OF ITS POLITICAL SUBDIVISIONS OR THE UNITED STATES THROUGH ANY OF ITS AGENCIES, INSTRUMENTALITIES OR PROGRAMS,
(vi) THE GROSS AMOUNT OF ANY PENSION OR ANNUITY THAT IS NOT OTHERWISE EXEMPTED.
(b) DOES NOT INCLUDE MONIES FROM:
(i) CASH PUBLIC ASSISTANCE AND RELIEF.
(ii) RAILROAD RETIREMENT BENEFITS.
(iii) PAYMENTS UNDER THE FEDERAL SOCIAL SECURITY ACT (49 STAT. 620).
(iv) PAYMENTS UNDER THE UNEMPLOYMENT INSURANCE LAWS OF THIS STATE.
(v) PAYMENTS FROM VETERANS DISABILITY PENSIONS.
(vi) WORKERS' COMPENSATION PAYMENTS.
(vii) "LOSS OF TIME" INSURANCE.
(viii) GIFTS FROM NONGOVERNMENTAL SOURCES, SURPLUS FOODS OR OTHER RELIEF IN KIND SUPPLIED BY A GOVERNMENTAL AGENCY.
2. "PRIMARY RESIDENCE" MEANS ALL OWNER OCCUPIED REAL PROPERTY AND IMPROVEMENTS TO THAT REAL PROPERTY IN THIS STATE THAT IS A SINGLE FAMILY HOME, CONDOMINIUM OR TOWNHOUSE OR AN OWNER OCCUPIED MOBILE HOME AND THAT IS USED FOR RESIDENTIAL PURPOSES.
Sec. 4. Purpose
Pursuant to section 43-223, Arizona Revised Statutes, the legislature enacts section 43-1072.02, Arizona Revised Statutes, as added by this act, to reduce the property tax burden on residents in this state who are sixty-five years of age or older with limited incomes.