PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2080

(Reference to printed bill)

Strike everything after the enacting clause and insert:

"Section 1. Repeal

A. Title 43, chapter 10, articles 1, 2 and 3, Arizona Revised Statutes, are repealed.

B. Section 43-1043, Arizona Revised Statutes, is repealed.

Sec. 2. Title 43, chapter 10, Arizona Revised Statutes, is amended by adding a new article 1, to read:

ARTICLE 1. GENERAL PROVISIONS

43-1001. Definitions

IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "HEAD OF HOUSEHOLD" HAS THE SAME MEANING PRESCRIBED BY SECTIONS 2(b) AND 2(c) OF THE INTERNAL REVENUE CODE. HEAD OF HOUSEHOLD INCLUDES AN INDIVIDUAL WHO MEETS THE QUALIFICATIONS OF A SURVIVING SPOUSE UNDER SECTION 2(a) OF THE INTERNAL REVENUE CODE.

2. "MARRIED PERSON" MEANS A MARRIED PERSON ON THE LAST DAY OF THE TAXABLE YEAR SUBJECT TO THE RULES PRESCRIBED IN SECTION 43-1002.

3. "PERSON" MEANS AN INDIVIDUAL.

4. "SINGLE PERSON" MEANS ANY PERSON WHO IS NOT MARRIED OR WHO WAS LEGALLY SEPARATED ON THE LAST DAY OF THE PERSON'S TAXABLE YEAR.

5. "SPOUSE" MEANS THE WIFE OR HUSBAND OF THE TAXPAYER.

6. "TAXABLE INCOME" OF A RESIDENT INDIVIDUAL MEANS THE INDIVIDUAL'S FEDERAL GROSS INCOME FOR THE TAXABLE YEAR, COMPUTED PURSUANT TO THE INTERNAL REVENUE CODE, AND ANY FURTHER ADJUSTMENTS REQUIRED BY THIS CHAPTER.

7. "TAXABLE YEAR" MEANS THE TAXABLE PERIOD ON THE BASIS OF WHICH A TAXPAYER IS REQUIRED TO FILE A FEDERAL INCOME TAX RETURN PURSUANT TO THE INTERNAL REVENUE CODE, OR THE CALENDAR YEAR IF THE TAXPAYER IS NOT REQUIRED TO FILE A FEDERAL INCOME TAX RETURN.

43-1002. Married person; application of definition

THE FOLLOWING RULES APPLY TO THE DEFINITION OF "MARRIED PERSON" IN SECTION 43-1001:

1. AN INDIVIDUAL WHO IS LEGALLY SEPARATED FROM THE INDIVIDUAL'S SPOUSE UNDER A DECREE OF DISSOLUTION OF MARRIAGE OR OF SEPARATE MAINTENANCE IS NOT CONSIDERED TO BE MARRIED.

2. A TAXPAYER IS CONSIDERED TO BE MARRIED AT THE CLOSE OF THE TAXABLE YEAR IF THE TAXPAYER'S SPOUSE DIED DURING THE TAXABLE YEAR AND THE TAXPAYER WOULD HAVE BEEN CONSIDERED MARRIED AT THE DATE OF THE DEATH OF THE SPOUSE.

43-1003. Policy

IT IS THE INTENT OF THE LEGISLATURE TO ADOPT AND ENACT THE POLICY OF PROVIDING A FAIR AND SIMPLIFIED METHOD FOR INDIVIDUAL TAXPAYERS IN THIS STATE TO COMPUTE THE INCOME TAXES DUE TO THIS STATE. THIS TAX IS CHARACTERIZED BY THE FOLLOWING OBJECTIVES:

1. AVOIDING NUMEROUS COMPLEX CALCULATIONS REFLECTING MULTIPLE EXEMPTIONS, DEDUCTIONS, ADDITIONS, SUBTRACTIONS AND TAX RATES. WHEN THE TAX LAW IS TOO COMPLEX, THE TAXPAYER IS ALIENATED FROM AND HOSTILE TO THE LAW.

2. BASING SIMPLIFIED CALCULATIONS ON A TAX BASE AT LEAST AS BROAD AS THE TAXPAYER'S ADJUSTED GROSS INCOME ON THE FEDERAL INCOME TAX RETURN.

3. TRANSITIONING TO A SINGLE LOW TAX RATE FOR ALL TAXPAYERS.

4. PROMOTING THE INTEGRITY OF THIS STATE'S TAX LAW THROUGH SIMPLICITY, FAIRNESS AND EASE OF COMPLIANCE.

5. BROADENING THE TAXABLE INCOME BASE SO THAT THE LOWEST POSSIBLE TAX RATE IS APPLIED TO THE TAXPAYER'S INCOME.

43-1004. Levy of tax; rates

A. THERE IS LEVIED AND THE DEPARTMENT SHALL COLLECT A TAX ON THE INCOME OF EACH RESIDENT OF THIS STATE AND ON THE INCOME OF EACH NONRESIDENT THAT IS DERIVED FROM SOURCES IN THIS STATE.

B. THE TAX IS IMPOSED ON THE INDIVIDUAL'S TAXABLE INCOME COMPUTED BEGINNING WITH THE TAXPAYER'S FEDERAL GROSS INCOME, AND, SUBJECT TO THE LIMITATION PRESCRIBED BY SUBSECTION F OF THIS SECTION, SUBTRACTING EITHER:

1 1. NO MORE THAN TWO DEDUCTIONS ALLOWED PURSUANT TO SECTIONS 43-1041
2 AND 43-1042.
3 2. IN THE CASE OF AN OWNER OF A SOLE PROPRIETORSHIP, NO MORE THAN ONE
4 DEDUCTION ALLOWED PURSUANT TO SECTIONS 43-1041 AND 43-1042 PLUS ANY NET LOSS
5 FROM THE BUSINESS COMPUTED PURSUANT TO FEDERAL FORM 1040, SCHEDULE C.
6 C. IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING
7 SEPARATELY, THE TAX IS FOUR PER CENT OF THE AMOUNT OF TAXABLE INCOME IN
8 EXCESS OF TEN THOUSAND DOLLARS.
9 D. IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE
10 PERSON WHO IS A HEAD OF A HOUSEHOLD, THE TAX IS FOUR PER CENT OF THE AMOUNT
11 OF TAXABLE INCOME IN EXCESS OF TWENTY THOUSAND DOLLARS.
12 E. SUBJECT TO THE LIMITATION PRESCRIBED BY SUBSECTION F OF THIS
13 SECTION, NO MORE THAN TWO CREDITS UNDER ARTICLE 5 OF THIS CHAPTER MAY BE
14 APPLIED TO REDUCE THE TAX LIABILITY OF AN INDIVIDUAL.
15 F. THE REDUCTION IN THE TAX LIABILITY FROM THE APPLICATION OF THE
16 DEDUCTIONS ALLOWED BY SUBSECTION B, PARAGRAPHS 1 AND 2 OF THIS SECTION AND
17 THE CREDITS ALLOWED BY SUBSECTION E OF THIS SECTION SHALL NOT EXCEED TWENTY
18 PER CENT OF THE TAX LIABILITY WITHOUT THE DEDUCTIONS AND CREDITS.
19 Sec. 3. Conforming legislation
20 The legislative council staff shall prepare proposed legislation
21 conforming the Arizona Revised Statutes to the provisions of this act for
22 consideration in the fiftieth legislature, second regular session.
23 Sec. 4. Effective date
24 Sections 1 and 2 of this act are effective and apply to taxable years
25 beginning from and after December 31, 2012."
26 Amend title to conform

JAMES P. WEIERS

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