Senate Engrossed

State of Arizona
Senate
Fiftieth Legislature
Second Regular Session
2012

SENATE BILL 1121

AN ACT

AMENDING SECTION 43-1025, ARIZONA REVISED STATUTES; RELATING TO INCOME TAX SUBTRACTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 43-1025, Arizona Revised Statutes, is amended to read:

43-1025. Agricultural crops contributed to charitable organizations; definitions

A. In computing Arizona taxable income a subtraction is allowed for qualified crop contributions during the taxable year to one or more charitable organizations. It is not considered to be a double deduction to include both costs of producing the crop and the subtraction in computing Arizona taxable income.

B. The amount of the subtraction shall not:

1. Exceed ~~eighty per cent of~~ the wholesale market price or ~~eighty per cent of~~ the most recent sale price for the contributed crop, whichever is greater.

2. INCLUDE ANY AMOUNT DEDUCTED PURSUANT TO SECTION 170 OF THE INTERNAL REVENUE CODE WITH RESPECT TO CROP CONTRIBUTION THAT EXCEEDS THE COST OF PRODUCING THE CONTRIBUTED CROP.

C. The contribution qualifies for a subtraction under this section only if all of the following apply:

~~1. The crop is harvested by or on behalf of the donee charitable organization.~~

~~2.~~ 1. The use of the crop by the donee charitable organization is related to the purpose or function constituting the basis of the organization's tax-exempt status.

~~3.~~ 2. The crop is not transferred by the donee charitable organization in exchange for money, other property or services ~~or for use outside Arizona~~.

~~4.~~ 3. The donee charitable organization provides a written statement to the taxpayer that its use and disposition of the crop will comply with the requirements of this section.

~~5. Harvesting or processing the crop in the normal course of the taxpayer's trade or business would not be economically feasible.~~

~~6. The crop would go to waste if it was not contributed to the donee charitable organization.~~

D. For purposes of this section:

1. "Most recent sale price" means an amount equal to the price that the taxpayer would have received for the contributed crop, determined as if the crop had been sold by that taxpayer on the date of the most recent sale of such a crop and at the same price per unit as the crop that was sold on that date or at the price determined by an agricultural market service on the date the crop is contributed.

2. "Qualified crop contribution" means any contribution of a crop or portion of a crop grown in Arizona by a taxpayer engaged in the trade or business of farming or processing agriculture crops to a charitable

organization located in Arizona that is exempt from tax under section 43-1201.

3. "Wholesale market price" means the average wholesale market price for the contributed crop in the nearest regional market during the month in which the contribution is made, determined without consideration of grade or quality of the crop and as if the quantity of the contributed crop was marketable.

Sec. 2. Retroactivity

This act applies retroactively to taxable years beginning from and after December 31, 2011.