

REFERENCE TITLE: **STO tax credits; repeal**

State of Arizona
House of Representatives
Fifty-first Legislature
First Regular Session
2013

HB 2382

Introduced by
Representative Campbell

AN ACT

AMENDING SECTION 20-224, ARIZONA REVISED STATUTES; REPEALING SECTIONS 20-224.06 AND 20-224.07, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-2001, 43-222, 43-401 AND 43-1021, ARIZONA REVISED STATUTES; REPEALING SECTION 43-1089, ARIZONA REVISED STATUTES; AMENDING SECTION 43-1121, ARIZONA REVISED STATUTES; REPEALING SECTIONS 43-1183 AND 43-1184, ARIZONA REVISED STATUTES; REPEALING TITLE 43, CHAPTERS 15 AND 16, ARIZONA REVISED STATUTES; RELATING TO SCHOOL TUITION ORGANIZATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-224, Arizona Revised Statutes, is amended to
3 read:

4 20-224. Premium tax

5 A. On or before March 1 of each year each authorized domestic insurer,
6 each other insurer and each formerly authorized insurer referred to in
7 section 20-206, subsection B shall file with the director a report in a form
8 prescribed by the director showing total direct premium income including
9 policy membership and other fees and all other considerations for insurance
10 from all classes of business whether designated as a premium or otherwise
11 received by it during the preceding calendar year on account of policies and
12 contracts covering property, subjects or risks located, resident or to be
13 performed in this state, after deducting from such total direct premium
14 income applicable cancellations, returned premiums, the amount of reduction
15 in or refund of premiums allowed to industrial life policyholders for payment
16 of premiums direct to an office of the insurer and all policy dividends,
17 refunds, savings coupons and other similar returns paid or credited to
18 policyholders within this state and not reapplied as premiums for new,
19 additional or extended insurance. No deduction shall be made of the cash
20 surrender values of policies or contracts. Considerations received on
21 annuity contracts, as well as the unabsorbed portion of any premium deposit,
22 shall not be included in total direct premium income, and neither shall be
23 subject to tax. The report shall separately indicate the total direct fire
24 insurance premium income received from property located in the incorporated
25 cities and towns certified by the state fire marshal pursuant to section
26 9-951, subsection B, as procuring the services of a private fire company.

27 B. Coincident with the filing of such tax report each insurer shall
28 pay to the director for deposit, pursuant to sections 35-146 and 35-147, a
29 tax of 2.0 per cent of such net premiums, except that the tax on fire
30 insurance premiums on property located in an incorporated city or town
31 certified by the state fire marshal pursuant to section 9-951, subsection B,
32 as procuring the services of a private fire company is .66 per cent, the tax
33 on all other fire insurance premiums is 2.2 per cent and the tax on health
34 care service and disability insurance premiums is as prescribed under
35 sections 20-837, 20-1010 and 20-1060. Any payments of tax pursuant to
36 subsection E of this section shall be deducted from the tax payable pursuant
37 to this subsection. Each insurer shall reflect the cost savings attributable
38 to the lower tax in fire insurance premiums charged on property located in an
39 incorporated city or town certified by the state fire marshal pursuant to
40 section 9-951, subsection B, as procuring the services of a private fire
41 company. No insurer shall be liable to the state or to any other person, or
42 shall be subject to regulatory action, relating to the calculation or
43 submittal of fire insurance premium taxes based in good faith upon the state
44 fire marshal's certification.

1 C. Eighty-five per cent of the tax paid under this section by an
2 insurer on account of premiums received for fire insurance shall be
3 separately specified in the report and shall be apportioned in the manner
4 provided by sections 9-951, 9-952 and 9-972, except that all of the tax so
5 allocated to a fund of a municipality or fire district that has no volunteer
6 fire fighters or pension obligations to volunteer fire fighters shall be
7 appropriated to the account of the municipality or fire district in the
8 public safety personnel retirement system and all of the tax so allocated to
9 a fund of a municipality or fire district that has both full-time paid fire
10 fighters and volunteer fire fighters or pension obligations to full-time paid
11 fire fighters or volunteer fire fighters shall be appropriated to the account
12 of the municipality or fire district in the public safety personnel
13 retirement system where it shall be reallocated by actuarial procedures
14 proportionately to the municipality or fire district for the account of the
15 full-time paid fire fighters and to the municipality or fire district for the
16 account of the volunteer fire fighters. A municipality or fire district
17 shall provide to the public safety personnel retirement system all
18 information that the system deems necessary to perform the reallocation
19 prescribed by this section. A full accounting of such reallocation shall be
20 forwarded to the municipality or fire district and their local boards.

21 D. This section shall not apply to title insurance, and such insurers
22 shall be taxed as provided in section 20-1566.

23 E. Any insurer that paid or is required to pay a tax of two thousand
24 dollars or more on net premiums received during the preceding calendar year,
25 pursuant to subsection B of this section and sections 20-224.01, 20-837,
26 20-1010, 20-1060 and 20-1097.07, shall file on or before the fifteenth day of
27 each month from March through August a report for that month, on a form
28 prescribed by the director, accompanied by a payment in an amount equal to
29 fifteen per cent of the amount paid or required to be paid during the
30 preceding calendar year pursuant to subsection B of this section and sections
31 20-224.01, 20-837, 20-1010, 20-1060 and 20-1097.07. The payments are due and
32 payable on or before the fifteenth day of each month and shall be made to the
33 director for deposit, pursuant to sections 35-146 and 35-147.

34 F. Except for the tax paid on fire insurance premiums pursuant to
35 subsections B and C of this section, an insurer may claim a premium tax
36 credit if the insurer qualifies for a credit pursuant to section 20-224.03,
37 ~~OR 20-224.04, 20-224.06 or 20-224.07.~~

38 G. On receipt of a properly documented claim, a refund shall be
39 provided to an insurer from available funds for the excess amount of any fire
40 insurance premium improperly paid by the insurer. The insurer shall reflect
41 the refund in the fire insurance premiums charged on the property that was
42 charged the excessive amount.

43 Sec. 2. Repeal

44 Sections ~~20-224.06~~ and ~~20-224.07~~, Arizona Revised Statutes, are
45 repealed.

1 Sec. 3. Section 42-2001, Arizona Revised Statutes, is amended to read:

2 42-2001. Definitions

3 In this article, unless the context otherwise requires:

4 1. "Confidential information":

5 (a) Includes the following information whether it concerns individual
6 taxpayers or is aggregate information for specifically identified taxpayers:

7 (i) Returns and reports filed with the department for income tax,
8 withholding tax, transaction privilege tax, luxury tax, use tax, property tax
9 and severance tax.

10 (ii) Applications for transaction privilege licenses, luxury tax
11 licenses, use tax licenses and withholding licenses.

12 (iii) Information discovered concerning taxes and receipts by the
13 department, whether or not by compulsory process.

14 (iv) Return information obtained from the United States internal
15 revenue service and United States bureau of alcohol, tobacco and firearms.

16 (v) Information supplied at the special request of the department by a
17 taxpayer which the taxpayer requests to be held in confidence.

18 (vi) Guidelines, standards or procedures that are established by the
19 department for, or other information relating to, selecting returns or
20 taxpayers for examination or settling or compromising any tax liability.

21 (vii) A taxpayer's identity, the nature, source or amount of the
22 taxpayer's income, payments, receipts, deductions, exemptions, credits,
23 assets, liabilities, net worth, tax liability, tax withheld, deficiencies,
24 overassessments or tax payments, whether the taxpayer's return was, is being
25 or will be examined or subject to investigation, collection or processing or
26 any other data received by, recorded by, prepared by, furnished to or
27 collected by the department with respect to a return or with respect to the
28 termination, or possible existence, of liability of any person for any tax,
29 penalty or interest imposed pursuant to this title or title 43.

30 (viii) Information supplied by an employee to an employer regarding
31 the employee's election to have the employee's withholding tax reduced for
32 the purposes of contributions to qualifying charitable organizations,
33 ~~qualified school tuition organizations~~ or public schools pursuant to section
34 43-401, subsection ~~G~~ I.

35 (b) Does not include information that is otherwise a public record.

36 2. "Report" includes a notice of insurance payments, a request for a
37 release of a bank account and an inventory of a safe deposit box.

38 3. "Return" includes any form prescribed by the department and any
39 supporting schedules, attachments and lists.

40 4. "Tax administration" includes assessment, collection,
41 investigation, litigation, statistical gathering functions, enforcement,
42 policy making functions or management of those functions of the tax revenue
43 laws of this state.

44 5. "Taxpayer", with respect to a joint return, means either party.

1 Sec. 4. Section 43-222, Arizona Revised Statutes, is amended to read:
2 43-222. Income tax credit review schedule

3 The joint legislative income tax credit review committee shall review
4 the following income tax credits:

5 1. For years ending in 0 and 5, sections 43-1079.01, 43-1087, 43-1088,
6 43-1090.01, 43-1167.01, 43-1175 and 43-1182.

7 2. For years ending in 1 and 6, sections 43-1074.02, 43-1083,
8 43-1083.02, 43-1085.01, 43-1164.02; AND 43-1164.03 and ~~43-1183~~.

9 3. For years ending in 2 and 7, sections 43-1073, 43-1079, 43-1080,
10 43-1085, 43-1086, ~~43-1089~~, 43-1089.01, 43-1089.02, 43-1089.03, 43-1090,
11 43-1164, 43-1167, 43-1169, 43-1176 and 43-1181.

12 4. For years ending in 3 and 8, sections 43-1074.01, 43-1081, 43-1168,
13 43-1170 and 43-1178.

14 5. For years ending in 4 and 9, sections 43-1076, 43-1076.01,
15 43-1081.01, 43-1083.01, 43-1084, 43-1162, 43-1162.01, 43-1164.01; AND
16 43-1170.01 and ~~43-1184~~ and, beginning in 2019, sections 43-1083.03 and
17 43-1164.04.

18 Sec. 5. Section 43-401, Arizona Revised Statutes, is amended to read:
19 43-401. Withholding tax; rates; election by employee

20 A. Except as provided by subsection B of this section, every employer
21 at the time of the payment of wages, salary, bonus or other emolument to any
22 employee whose compensation is for services performed within this state shall
23 deduct and retain from the compensation an amount prescribed by tables
24 adopted by the department.

25 B. An employer may voluntarily elect to not withhold tax during
26 December by notifying:

27 1. The department on a form prescribed by the department.

28 2. The employer's employees in writing in a manner prescribed by the
29 department.

30 C. If the amount collected and payable by the employer to the
31 department in each of the preceding four calendar quarters did not exceed an
32 average of one thousand five hundred dollars, the amount collected shall be
33 paid to the department on or before April 30, July 31, October 31 and January
34 31 for the preceding calendar quarter. If such amount exceeded one thousand
35 five hundred dollars in each of the preceding four calendar quarters, the
36 employer shall pay to the department the amount the employer deducts and
37 retains pursuant to this section at the same time as the employer is required
38 to make deposits of federal tax pursuant to section 6302 of the internal
39 revenue code. On or before April 30, July 31, October 31 and January 31 each
40 year the employer shall reconcile the amounts payable during the preceding
41 calendar quarter in a manner prescribed by the department, except that if the
42 full amount collected and payable is paid timely to the department under this
43 subsection, the employer may reconcile the amounts on or before May 10,
44 August 10, November 10 and February 10 each year. The department by rule may
45 allow and determine which employers qualify for annual payments of

1 withholding taxes, with an annual report by the employer pursuant to section
2 43-412, subsection B, if the qualifying employer has established sufficient
3 payment history to indicate that the employer is current and in good standing
4 pursuant to standards established by rule. For any business which has not
5 had a withholding certificate for the four preceding consecutive quarters,
6 the quarterly average shall be computed in a manner prescribed by the
7 department.

8 D. If an employer fails to make a timely monthly payment because prior
9 to that reporting period it reported on a quarterly basis instead of on a
10 monthly basis, the department shall notify the employer that it is out of
11 compliance with this section. Notwithstanding section 42-1125, the
12 department shall not assess a penalty against an employer for failing to make
13 a timely monthly payment if the employer had filed and remitted all taxes due
14 on a quarterly basis and brings all filings and payments into current
15 compliance within thirty days after being notified by the department.

16 E. Each employee shall elect the amount authorized by subsection A of
17 this section to be withheld for application toward the employee's state
18 income tax liability. The election provided under this subsection shall be
19 exercised by each employee, in writing on a form prescribed by the
20 department. The election shall be made within five days of employment. Each
21 employer shall notify the employees of the election made available under this
22 subsection and shall have election forms available at all times. Each form
23 shall be completed in triplicate, with one copy each for the department, the
24 employer and the employee. The employer shall file a copy of each completed
25 form with the department. Any employee failing to complete an election form
26 as prescribed shall be deemed to have elected the withholding percentage
27 prescribed by the department.

28 F. Before July 1 of each year, each employer who chooses to not
29 withhold tax pursuant to subsection B of this section shall notify each
30 employee that:

31 1. State income taxes will not be withheld from compensation in
32 December.

33 2. The employee may elect to change the rate of withholding tax
34 prescribed by this section to compensate for the resulting change in annual
35 withholdings from the employee's compensation.

36 G. At an employee's written request, the employer may agree to reduce
37 the amount withheld under this section by the amount of credit that the
38 employee represents to the employer that the employee will qualify for and be
39 entitled to under sections 43-1088, ~~43-1089~~, 43-1089.01 and 43-1089.03. The
40 employee's request must include the name and address of the qualifying
41 charitable organization, ~~qualified school tuition organization~~ or public
42 school. Within thirty days after agreeing to the employee's request, the
43 employer shall reduce the withholding amount by the amount of the credit, but
44 not below zero, prorated for the number of pay periods remaining in the
45 employee's taxable year after the employee makes the request. If an employer

1 agrees to reduce the withholding amount pursuant to this subsection, the
2 following apply:

3 1. Within fifteen days after the end of each calendar quarter, the
4 employer must pay the entire amount of the reduction in withholding tax for
5 that quarter to the designated charitable organization, ~~school tuition~~
6 ~~organization~~ or public school. These payments are considered to be on the
7 employee's behalf, and not the employer's, for the purposes of qualifying for
8 the income tax credits under sections 43-1088, ~~43-1089~~, 43-1089.01 and
9 43-1089.03.

10 2. The employee is responsible and accountable for the accuracy and
11 the amount of reduction in withholding tax and the payments to the charitable
12 organization, ~~school tuition organization~~ or public school.

13 3. The employer is responsible and accountable to the charitable
14 organization, ~~school tuition organization~~ or public school, to the employee
15 and to the department for actually making the required payments.

16 4. Within thirty days after the end of each calendar year, or within
17 fifteen days after the termination of employment, the employer must furnish
18 to each electing employee and to the department a statement of the amount
19 withheld and paid on behalf of the employee during that year.

20 Sec. 6. Section 43-1021, Arizona Revised Statutes, is amended to read:
21 43-1021. Additions to Arizona gross income

22 In computing Arizona adjusted gross income, the following amounts shall
23 be added to Arizona gross income:

24 1. A beneficiary's share of the fiduciary adjustment to the extent
25 that the amount determined by section 43-1333 increases the beneficiary's
26 Arizona gross income.

27 2. An amount equal to the "ordinary income portion" of a lump sum
28 distribution that was excluded from federal adjusted gross income pursuant to
29 section 402(d) of the internal revenue code.

30 3. The amount of interest income received on obligations of any state,
31 territory or possession of the United States, or any political subdivision
32 thereof, located outside the state of Arizona, reduced, for tax years
33 beginning from and after December 31, 1996, by the amount of any interest on
34 indebtedness and other related expenses that were incurred or continued to
35 purchase or carry those obligations and that are not otherwise deducted or
36 subtracted in arriving at Arizona gross income.

37 4. Annuity income received during the taxable year to the extent that
38 the sum of the proceeds received from such annuity in all taxable years prior
39 to and including the current taxable year exceeds the total consideration and
40 premiums paid by the taxpayer. This paragraph applies only to those
41 annuities with respect to which the first payment was received prior to
42 December 31, 1978.

43 5. The excess of a partner's share of partnership taxable income
44 required to be included under chapter 14, article 2 of this title over the

1 income required to be reported under section 702(a)(8) of the internal
2 revenue code.

3 6. The excess of a partner's share of partnership losses determined
4 pursuant to section 702(a)(8) of the internal revenue code over the losses
5 allowable under chapter 14, article 2 of this title.

6 7. The amount by which the adjusted basis of property described in
7 this paragraph and computed pursuant to the internal revenue code exceeds the
8 adjusted basis of such property computed pursuant to this title and the
9 income tax act of 1954, as amended. This paragraph shall apply to all
10 property which is held for the production of income and which is sold or
11 otherwise disposed of during the taxable year, except depreciable property
12 used in a trade or business.

13 8. The amount of depreciation or amortization of costs of any capital
14 investment that is deducted pursuant to section 167 or 179 of the internal
15 revenue code by a qualified defense contractor with respect to which an
16 election is made to amortize pursuant to section 43-1024.

17 9. The amount of gain from the sale or other disposition of a capital
18 investment which a qualified defense contractor has elected to amortize
19 pursuant to section 43-1024.

20 10. Amounts withdrawn from the Arizona state retirement system, the
21 corrections officer retirement plan, the public safety personnel retirement
22 system, the elected officials' retirement plan or a county or city retirement
23 plan by an employee upon termination of employment before retirement to the
24 extent they were deducted in arriving at Arizona taxable income in any year.

25 11. That portion of the net operating loss included in federal adjusted
26 gross income which has already been taken as a net operating loss for Arizona
27 purposes or which is separately taken as a subtraction under the special net
28 operating loss transition rule.

29 12. Any nonitemized amount deducted pursuant to section 170 of the
30 internal revenue code representing contributions to an educational
31 institution which denies admission, enrollment or board and room
32 accommodations on the basis of race, color or ethnic background except those
33 institutions primarily established for the education of American Indians.

34 13. Amounts withdrawn from a medical savings account by the individual
35 during the taxable year computed pursuant to section 220(f) of the internal
36 revenue code and not included in federal adjusted gross income.

37 14. Any amount of agricultural water conservation expenses that were
38 deducted pursuant to the internal revenue code for which a credit is claimed
39 under section 43-1084.

40 15. The amount by which the depreciation or amortization computed under
41 the internal revenue code with respect to property for which a credit was
42 taken under section 43-1080 exceeds the amount of depreciation or
43 amortization computed pursuant to the internal revenue code on the Arizona
44 adjusted basis of the property.

1 16. The amount by which the adjusted basis computed under the internal
2 revenue code with respect to property for which a credit was claimed under
3 section 43-1080 and which is sold or otherwise disposed of during the taxable
4 year exceeds the adjusted basis of the property computed under section
5 43-1080.

6 17. The amount by which the depreciation or amortization computed under
7 the internal revenue code with respect to property for which a credit was
8 taken under either section 43-1081 or 43-1081.01 exceeds the amount of
9 depreciation or amortization computed pursuant to the internal revenue code
10 on the Arizona adjusted basis of the property.

11 18. The amount by which the adjusted basis computed under the internal
12 revenue code with respect to property for which a credit was claimed under
13 section 43-1074.02, 43-1081 or 43-1081.01 and which is sold or otherwise
14 disposed of during the taxable year exceeds the adjusted basis of the
15 property computed under section 43-1074.02, 43-1081 or 43-1081.01, as
16 applicable.

17 19. The deduction referred to in section 1341(a)(4) of the internal
18 revenue code for restoration of a substantial amount held under a claim of
19 right.

20 20. The amount by which a net operating loss carryover or capital loss
21 carryover allowable pursuant to section 1341(b)(5) of the internal revenue
22 code exceeds the net operating loss carryover or capital loss carryover
23 allowable pursuant to section 43-1029, subsection F.

24 21. Any amount deducted pursuant to section 170 of the internal revenue
25 code representing contributions to ~~a school tuition organization~~ or a public
26 school for which a credit is claimed under section ~~43-1089~~, 43-1089.01 or
27 43-1089.03.

28 22. Any amount deducted in computing Arizona gross income as expenses
29 for installing solar stub outs or electric vehicle recharge outlets in this
30 state with respect to which a credit is claimed pursuant to section 43-1090.

31 23. Any wage expenses deducted pursuant to the internal revenue code
32 for which a credit is claimed under section 43-1087 and representing net
33 increases in qualified employment positions for employment of temporary
34 assistance for needy families recipients.

35 24. Any amount deducted for conveying ownership or development rights
36 of property to an agricultural preservation district under section 48-5702
37 for which a credit is claimed under section 43-1081.02.

38 25. The amount of any depreciation allowance allowed pursuant to
39 section 167(a) of the internal revenue code to the extent not previously
40 added.

41 26. With respect to property for which an expense deduction was taken
42 pursuant to section 179 of the internal revenue code, the amount in excess of
43 twenty-five thousand dollars.

1 27. The amount of any deductions that are claimed in computing federal
2 adjusted gross income representing expenses for which a credit is claimed
3 under either section 43-1075 or 43-1075.01 or both.

4 28. The amount by which the depreciation or amortization computed under
5 the internal revenue code with respect to property for which a credit was
6 taken under section 43-1090.01 exceeds the amount of depreciation or
7 amortization computed pursuant to the internal revenue code on the Arizona
8 adjusted basis of the property.

9 29. The amount by which the adjusted basis computed under the internal
10 revenue code with respect to property for which a credit was claimed under
11 section 43-1090.01 and which is sold or otherwise disposed of during the
12 taxable year exceeds the adjusted basis of the property computed under
13 section 43-1090.01.

14 30. The amount of a nonqualified withdrawal, as defined in section
15 15-1871, from a college savings plan established pursuant to section 529 of
16 the internal revenue code that is made to a distributee to the extent the
17 amount is not included in computing federal adjusted gross income, except
18 that the amount added under this paragraph shall not exceed the difference
19 between the amount subtracted under section 43-1022 in prior taxable years
20 and the amount added under this section in any prior taxable years.

21 31. The amount of unemployment compensation that is excluded from
22 federal adjusted gross income pursuant to section 85(c) of the internal
23 revenue code as added by section 1007 of the American recovery and
24 reinvestment act of 2009 (P.L. 111-5).

25 32. The amount of discharge of indebtedness income that is deferred and
26 excluded from the computation of federal adjusted gross income or federal
27 taxable income in the current taxable year pursuant to section 108(i) of the
28 internal revenue code as added by section 1231 of the American recovery and
29 reinvestment act of 2009 (P.L. 111-5).

30 33. The amount of any previously deferred original issue discount that
31 was deducted in computing federal adjusted gross income or federal taxable
32 income in the current year pursuant to section 108(i) of the internal revenue
33 code as added by section 1231 of the American recovery and reinvestment act
34 of 2009 (P.L. 111-5), to the extent that the amount was previously subtracted
35 from Arizona gross income pursuant to section 43-1022, paragraph 31.

36 34. For taxable years beginning from and after December 31, 2011
37 through December 31, 2014, the amount of any deduction that is claimed in
38 computing federal adjusted gross income for health insurance premiums or
39 contributions to a health savings account for which a credit is claimed under
40 section 43-1087.01.

41 Section 7. Repeal

42 Section 43-1089, Arizona Revised Statutes, is repealed.

1 Sec. 8. Section 43-1121, Arizona Revised Statutes, is amended to read:
2 43-1121. Additions to Arizona gross income: corporations

3 In computing Arizona taxable income for a corporation, the following
4 amounts shall be added to Arizona gross income:

5 1. The amounts computed pursuant to section 43-1021, paragraphs 3
6 through 9, 12, 25, 26, 32, 33 and 34.

7 2. The amount of dividend income received from corporations and
8 allowed as a deduction pursuant to sections 243, 244 and 245 of the internal
9 revenue code.

10 3. Taxes which are based on income paid to states, local governments
11 or foreign governments and which were deducted in computing federal taxable
12 income.

13 4. Expenses and interest relating to tax-exempt income on indebtedness
14 incurred or continued to purchase or carry obligations the interest on which
15 is wholly exempt from the tax imposed by this title. Financial institutions,
16 as defined in section 6-101, shall be governed by section 43-961,
17 paragraph 2.

18 5. Commissions, rentals and other amounts paid or accrued to a
19 domestic international sales corporation controlled by the payor corporation
20 if the domestic international sales corporation is not required to report its
21 taxable income to this state because its income is not derived from or
22 attributable to sources within this state. If the domestic international
23 sales corporation is subject to article 4 of this chapter, the department
24 shall prescribe by rule the method of determining the portion of the
25 commissions, rentals and other amounts which are paid or accrued to the
26 controlled domestic international sales corporation and which shall be
27 deducted by the payor. For the purposes of this paragraph, "control" means
28 direct or indirect ownership or control of fifty per cent or more of the
29 voting stock of the domestic international sales corporation by the payor
30 corporation.

31 6. Federal income tax refunds received during the taxable year to the
32 extent they were deducted in arriving at Arizona taxable income in a previous
33 year.

34 7. The amount of net operating loss taken pursuant to section 172 of
35 the internal revenue code.

36 8. The amount of exploration expenses determined pursuant to section
37 617 of the internal revenue code to the extent that they exceed seventy-five
38 thousand dollars and to the extent that the election is made to defer those
39 expenses not in excess of seventy-five thousand dollars.

40 9. Amortization of costs incurred to install pollution control devices
41 and deducted pursuant to the internal revenue code or the amount of deduction
42 for depreciation taken pursuant to the internal revenue code on pollution
43 control devices for which an election is made pursuant to section 43-1129.

- 1 10. The amount of depreciation or amortization of costs of child care
2 facilities deducted pursuant to section 167 or 188 of the internal revenue
3 code for which an election is made to amortize pursuant to section 43-1130.
- 4 11. Arizona state income tax refunds received, to the extent the amount
5 of the refunds is not already included in Arizona gross income, if a tax
6 benefit was derived by deduction of this amount in a prior year.
- 7 12. The loss of an insurance company that is exempt under section
8 43-1201 to the extent that it is included in computing Arizona gross income
9 on a consolidated return pursuant to section 43-947.
- 10 13. The amount by which the depreciation or amortization computed under
11 the internal revenue code with respect to property for which a credit was
12 taken under section 43-1169 exceeds the amount of depreciation or
13 amortization computed pursuant to the internal revenue code on the Arizona
14 adjusted basis of the property.
- 15 14. The amount by which the adjusted basis computed under the internal
16 revenue code with respect to property for which a credit was claimed under
17 section 43-1169 and which is sold or otherwise disposed of during the taxable
18 year exceeds the adjusted basis of the property computed under section
19 43-1169.
- 20 15. The amount by which the depreciation or amortization computed under
21 the internal revenue code with respect to property for which a credit was
22 taken under either section 43-1170 or 43-1170.01 exceeds the amount of
23 depreciation or amortization computed pursuant to the internal revenue code
24 on the Arizona adjusted basis of the property.
- 25 16. The amount by which the adjusted basis computed under the internal
26 revenue code with respect to property for which a credit was claimed under
27 either section 43-1170 or 43-1170.01 and which is sold or otherwise disposed
28 of during the taxable year exceeds the adjusted basis of the property
29 computed under section 43-1170 or 43-1170.01, as applicable.
- 30 17. The deduction referred to in section 1341(a)(4) of the internal
31 revenue code for restoration of a substantial amount held under a claim of
32 right.
- 33 18. The amount by which a capital loss carryover allowable pursuant to
34 section 1341(b)(5) of the internal revenue code exceeds the capital loss
35 carryover allowable pursuant to section 43-1130.01, subsection F.
- 36 19. Any amount deducted in computing Arizona taxable income as expenses
37 for installing solar stub outs or electric vehicle recharge outlets in this
38 state with respect to which a credit is claimed pursuant to section 43-1176.
- 39 20. Any wage expenses deducted pursuant to the internal revenue code
40 for which a credit is claimed under section 43-1175 and representing net
41 increases in qualified employment positions for employment of temporary
42 assistance for needy families recipients.
- 43 21. Any amount of expenses that were deducted pursuant to the internal
44 revenue code and for which a credit is claimed under section 43-1178.

1 202. Any amount deducted for conveying ownership or development rights
2 of property to an agricultural preservation district under section 48-5702
3 for which a credit is claimed under section 43-1180.

4 23. The amount of any deduction that is claimed in computing Arizona
5 gross income and that represents a donation of a school site for which a
6 credit is claimed under section 43-1181.

7 24. The amount of any deductions that are claimed in computing federal
8 taxable income representing expenses for which a credit is claimed under
9 either section 43-1163 or 43-1163.01 or both.

10 25. Any amount deducted in computing Arizona taxable income as expenses
11 for installing water conservation system plumbing stub outs in this state
12 with respect to which a credit is claimed pursuant to section 43-1182.

13 ~~26. Any amount deducted pursuant to section 170 of the internal revenue~~
14 ~~code representing contributions to a school tuition organization for which a~~
15 ~~credit is claimed under section 43-1183 or 43-1184.~~

16 Section 9. Repeal

17 A. Sections 43-1183 and 43-1184, Arizona Revised Statutes, are
18 repealed.

19 B. Title 43, chapters 15 and 16, Arizona Revised Statutes, are
20 repealed.

21 Sec. 10. Conforming legislation

22 The legislative council staff shall prepare proposed legislation
23 conforming the Arizona Revised Statutes to the provisions of this act for
24 consideration in the Fifty-first legislature, second regular session.

25 Sec. 11. Requirements for enactment; two-thirds vote

26 Pursuant to article IX, section 22, Constitution of Arizona, this act
27 is effective only on the affirmative vote of at least two-thirds of the
28 members of each house of the legislature and is effective immediately on the
29 signature of the governor or, if the governor vetoes this act, on the
30 subsequent affirmative vote of at least three-fourths of the members of each
31 house of the legislature.