

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

HOUSE BILL 2484

AN ACT

AMENDING SECTION 38-492, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 23, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-2560; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1086.01; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1171; PROVIDING FOR THE DELAYED REPEAL OF SECTIONS 43-1086.01 AND 43-1171, ARIZONA REVISED STATUTES, AS ADDED BY THIS ACT; RELATING TO VETERANS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 38-492, Arizona Revised Statutes, is amended to
3 read:

4 38-492. Preferences

5 A. A veteran of the armed forces of the United States who is separated
6 from the armed forces under honorable conditions following more than six
7 months of active duty and who takes an examination for employment by this
8 state or any political subdivision of this state under a merit system of
9 employment as provided by section 38-491, in the determination of the
10 veteran's final rating on the examination, shall be given a preference of
11 five points over persons other than veterans. The preference shall be added
12 to the grade earned by the veteran, but only if the veteran earns a passing
13 grade without preference. Any veteran who is entitled under 10 United States
14 Code chapter 1223 to retired pay for non-regular service or, but for age,
15 would be entitled under that chapter to retired pay for non-regular service
16 and who takes an examination for employment by any political subdivision of
17 this state under a merit system of employment as provided by section 38-491,
18 in the determination of the veteran's final rating on the examination, shall
19 be given a preference of five points over persons other than veterans. The
20 preference shall be added to the grade earned by the veteran, but only if the
21 veteran earns a passing grade without preference.

22 B. A disabled person who takes an examination for employment by this
23 state or any political subdivision of this state under a merit system of
24 employment, in the determination of the disabled person's final rating on
25 such examination, shall be given a preference of five points. The preference
26 shall be added to the grade earned by the disabled person but only if such
27 person earns a passing grade without preference. For the purposes of this
28 subsection, "disabled person" means an individual who has a physical or
29 mental impairment that substantially limits one or more major life activities
30 of the individual or who has a record of such an impairment or is regarded as
31 having such an impairment.

32 C. A person qualified for a preference pursuant to subsections A and B
33 of this section shall be given a ten-point preference.

34 D. A spouse or surviving spouse of any of the following, otherwise
35 qualified pursuant to subsection A of this section, shall be given a
36 five-point preference as if the spouse or surviving spouse were an eligible
37 veteran pursuant to subsection A of this section:

38 1. Any veteran who died of a service-connected disability.

39 2. Any member of the armed forces who is serving on active duty and
40 who, at the time of application, is listed by the secretary of defense of the
41 United States in any of the following categories for not less than ninety
42 days:

43 (a) Missing in action.

44 (b) Captured in the line of duty by a hostile force.

1 (c) Forcibly detained or interned in the line of duty by a foreign
2 government or power.

3 3. A person who has a total, permanent disability resulting from a
4 service-connected disability or any person who died while the disability was
5 in existence.

6 E. An honorably separated veteran who served on active duty in the
7 armed forces at any time and who has a service-connected disability or is
8 receiving compensation or disability retirement benefits under laws
9 administered by the United States department of veterans affairs, army, navy,
10 air force, coast guard or United States public health service shall be given
11 a ten-point preference pursuant to this section.

12 F. If a person is eligible for a preference pursuant to this section
13 and the person applies for employment with this state or any political
14 subdivision of this state under a merit system of employment as provided by
15 section 38-491 in which applicants are assessed and evaluated but scores are
16 not given, preference shall be given by granting applicable preference codes
17 to qualified applicants.

18 G. No person eligible for a preference pursuant to this section shall
19 be allowed more than a ten-point preference.

20 H. If a department, division or agency of this state or any political
21 subdivision of this state is operated under a merit system prescribed by the
22 federal government or a department, division or agency of the federal
23 government, the provisions of that system, including preferences, prevail.

24 I. THE DEPARTMENT OF ADMINISTRATION AND THE DEPARTMENT OF VETERANS'
25 SERVICES SHALL COORDINATE TO DEVELOP AND IMPLEMENT PROCEDURES THAT PROVIDE
26 VETERANS WITH ACCESS TO AN EMPLOYMENT ANNOUNCEMENT SEVENTY-TWO HOURS BEFORE
27 PUBLIC DISSEMINATION OF THE EMPLOYMENT ANNOUNCEMENT.

28 Sec. 2. Title 41, chapter 23, article 3, Arizona Revised Statutes, is
29 amended by adding section 41-2560, to read:

30 41-2560. State contracts; veteran-owned business; participation
31 goal; registry; definitions

32 A. NOTWITHSTANDING ANY OTHER LAW, THE DIRECTOR OF THE DEPARTMENT OF
33 ADMINISTRATION SHALL ESTABLISH A VETERAN-OWNED BUSINESS PARTICIPATION GOAL OF
34 AWARDED, PURSUANT TO EXISTING PROCUREMENT RULES, TO QUALIFIED, OPERATED AND
35 CONTROLLED VETERAN-OWNED BUSINESSES STATE CONTRACTS INVOLVING THE PROCUREMENT
36 OF MATERIALS, SERVICES OR CONSTRUCTION OR THE DISPOSAL OF MATERIALS. THE
37 PARTICIPATION GOAL SHALL BE AT LEAST ONE AND ONE-HALF PER CENT DURING THE
38 FIRST YEAR FOLLOWING THE EFFECTIVE DATE OF THIS SECTION AND SHALL INCREASE TO
39 THREE PER CENT OR MORE FOR EVERY YEAR AFTER THE FIRST YEAR. THE GOAL APPLIES
40 TO THE OVERALL DOLLAR AMOUNT SPENT EACH YEAR BY THIS STATE PURSUANT TO THIS
41 ARTICLE.

42 B. THE DIRECTOR OF THE DEPARTMENT OF VETERANS' SERVICES SHALL:

43 1. ESTABLISH A REGISTRY OF VETERAN-OWNED BUSINESSES TO VERIFY THE
44 VETERAN STATUS AND ELIGIBILITY OF BUSINESSES SEEKING TO BE INCLUDED IN THE
45 REGISTRY.

1 2. USE ANY RESOURCES, INCLUDING THE UNITED STATES DEPARTMENT OF
2 VETERANS AFFAIRS VETBIZ REGISTRY, OR ITS SUCCESSOR REGISTRY, OR THE UNITED
3 STATES DEPARTMENT OF DEFENSE FORM DD-214, OR ITS SUCCESSOR FORM, TO DETERMINE
4 BUSINESS ELIGIBILITY.

5 C. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION SHALL ESTABLISH
6 PROCEDURES FOR MEETING THE GOAL USING A REGISTRY OF CERTIFIED VETERAN-OWNED
7 BUSINESSES THAT IS COMPILED BY THE DIRECTOR OF THE DEPARTMENT OF VETERANS'
8 SERVICES. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION, BY RULE, MAY
9 ALLOW A PROCUREMENT OFFICER TO RESERVE CERTAIN PROCUREMENTS FOR REGISTERED
10 VETERAN-OWNED BUSINESSES.

11 D. IN THE PERFORMANCE OF A CONTRACT FOR SERVICES, A VETERAN-OWNED
12 BUSINESS SHALL USE AT LEAST FIFTY PER CENT OF THE PROCEEDS OF THE CONTRACT TO
13 PAY FOR THE SALARIES OF EMPLOYEES OF THE VETERAN-OWNED BUSINESS. THIS
14 SUBSECTION DOES NOT APPLY TO CONSTRUCTION CONTRACTS.

15 E. FOR THE PURPOSES OF THIS SECTION:

16 1. "VETERAN" MEANS A PERSON WHO IS A VETERAN OF THE ARMED FORCES OF
17 THE UNITED STATES AND WHO IS SEPARATED FROM THE ARMED FORCES UNDER HONORABLE
18 CONDITIONS FOLLOWING MORE THAN SIX MONTHS OF ACTIVE DUTY.

19 2. "VETERAN-OWNED BUSINESS" MEANS A BUSINESS TO WHICH ALL OF THE
20 FOLLOWING APPLY:

21 (a) THE BUSINESS IS AN INDIVIDUAL PROPRIETORSHIP, PARTNERSHIP,
22 CORPORATION OR JOINT VENTURE THAT IS AT LEAST FIFTY-ONE PER CENT OWNED BY ONE
23 OR MORE VETERANS OR, FOR A BUSINESS WHOSE STOCK IS PUBLICLY HELD, AT LEAST
24 FIFTY-ONE PER CENT OF THE STOCK IS OWNED BY ONE OR MORE VETERANS.

25 (b) THE MANAGEMENT AND DAILY OPERATIONS OF THE BUSINESS ARE CONTROLLED
26 BY ONE OR MORE VETERANS WHO OWN THE BUSINESS.

27 (c) THE HOME OFFICE OF THE BUSINESS IS LOCATED IN THIS STATE AND IS
28 NOT A BRANCH OR SUBSIDIARY OF A FOREIGN CORPORATION, FIRM OR OTHER BUSINESS.

29 Sec. 3. Title 43, chapter 10, article 5, Arizona Revised Statutes, is
30 amended by adding section 43-1086.01, to read:

31 43-1086.01. Credit for employing veterans

32 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2012
33 THROUGH DECEMBER 31, 2015, A CREDIT OF NOT MORE THAN ONE MILLION DOLLARS IS
34 ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR A TAXPAYER WHO HIRES AN
35 EMPLOYEE WHO IS ALL OF THE FOLLOWING:

36 1. A VETERAN OF THE ARMED FORCES OF THE UNITED STATES AS DEFINED IN
37 SECTION 41-601.

38 2. SEPARATED FROM THE ARMED FORCES UNDER HONORABLE CONDITIONS.

39 3. COLLECTING UNEMPLOYMENT BENEFITS PURSUANT TO TITLE 23, CHAPTER 4 AT
40 THE TIME THE EMPLOYEE IS HIRED.

41 B. TO QUALIFY FOR A CREDIT UNDER THIS SECTION, THE EMPLOYER MUST PAY
42 THE EMPLOYEE COMPENSATION THAT AT LEAST EQUALS THE MEDIAN ANNUAL WAGE IN THIS
43 STATE, AS DETERMINED BY THE MOST RECENT ANNUAL ARIZONA COMMERCE AUTHORITY
44 OCCUPATIONAL WAGE AND EMPLOYMENT ESTIMATES.

45 C. THE AMOUNT OF THE CREDIT EQUALS THE LOWEST OF THE FOLLOWING:

1 1. TEN PER CENT OF THE SALARY EARNED AND PAID TO THE EMPLOYEE DURING
2 THE TAXABLE YEAR.

3 2. TWO THOUSAND DOLLARS FOR AN EMPLOYEE.

4 3. FOUR THOUSAND DOLLARS FOR AN EMPLOYEE WHO MEETS THE REQUIREMENTS OF
5 SECTION 38-492, SUBSECTION E.

6 D. CO-OWNERS OF A BUSINESS, INCLUDING PARTNERS IN A PARTNERSHIP AND
7 SHAREHOLDERS OF AN S CORPORATION AS DEFINED IN SECTION 1361 OF THE INTERNAL
8 REVENUE CODE, MAY EACH CLAIM ONLY THE PRO RATA SHARE OF THE CREDIT ALLOWED
9 UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS
10 ALLOWED ALL SUCH OWNERS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN
11 ALLOWED A SOLE OWNER.

12 E. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER
13 THIS TITLE ON A CLAIMANTS INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS
14 TITLE, THE TAXPAYER MAY CARRY FORWARD THE AMOUNT OF THE CLAIM NOT USED TO
15 OFFSET THE TAXES UNDER THIS TITLE FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE
16 YEAR'S INCOME TAX LIABILITY.

17 F. A CREDIT IS NOT ALLOWED FOR A TAXPAYER IF THE EMPLOYEE HIRED IS A
18 RELATIVE OF THE TAXPAYER OR OF A PERSON WHO HAS AN OWNERSHIP INTEREST IN THE
19 TAXPAYER CLAIMING THE CREDIT. FOR THE PURPOSES OF THIS SUBSECTION,
20 "RELATIVE" MEANS THE SPOUSE, CHILD, CHILD'S CHILD, PARENT, GRANDPARENT,
21 BROTHER OR SISTER OF THE WHOLE OR HALF BLOOD OR BY ADOPTION AND THE SPOUSE OF
22 ANY OF THEM, AND THE PARENT, BROTHER, SISTER OR CHILD OF A SPOUSE.

23 Sec. 4. Title 43, chapter 11, article 6, Arizona Revised Statutes, is
24 amended by adding section 43-1171, to read:

25 43-1171. Credit for employing veterans

26 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2012
27 THROUGH DECEMBER 31, 2015, A CREDIT OF NOT MORE THAN ONE MILLION DOLLARS IS
28 ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR A TAXPAYER WHO HIRES AN
29 EMPLOYEE WHO IS ALL OF THE FOLLOWING:

30 1. A VETERAN OF THE ARMED FORCES OF THE UNITED STATES AS DEFINED IN
31 SECTION 41-601.

32 2. SEPARATED FROM THE ARMED FORCES UNDER HONORABLE CONDITIONS.

33 3. COLLECTING UNEMPLOYMENT BENEFITS PURSUANT TO TITLE 23, CHAPTER 4 AT
34 THE TIME THE EMPLOYEE IS HIRED.

35 B. TO QUALIFY FOR A CREDIT UNDER THIS SECTION, THE EMPLOYER MUST PAY
36 THE EMPLOYEE COMPENSATION THAT AT LEAST EQUALS THE MEDIAN ANNUAL WAGE IN THIS
37 STATE, AS DETERMINED BY THE MOST RECENT ANNUAL ARIZONA COMMERCE AUTHORITY
38 OCCUPATIONAL WAGE AND EMPLOYMENT ESTIMATES.

39 C. THE AMOUNT OF THE CREDIT EQUALS THE LOWEST OF THE FOLLOWING:

40 1. TEN PER CENT OF THE SALARY EARNED AND PAID TO THE EMPLOYEE DURING
41 THE TAXABLE YEAR.

42 2. TWO THOUSAND DOLLARS FOR AN EMPLOYEE.

43 3. FOUR THOUSAND DOLLARS FOR AN EMPLOYEE WHO MEETS THE REQUIREMENTS OF
44 SECTION 38-492, SUBSECTION E.

1 D. CO-OWNERS OF A BUSINESS, INCLUDING CORPORATE PARTNERS IN A
2 PARTNERSHIP AND MEMBERS OF A LIMITED LIABILITY COMPANY, MAY EACH CLAIM ONLY
3 THE PRO RATA SHARE OF THE CREDIT ALLOWED UNDER THIS SECTION BASED ON THE
4 OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS ALLOWED ALL OWNERS OF THE
5 BUSINESS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN ALLOWED A SOLE OWNER
6 OF THE BUSINESS.

7 E. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER
8 THIS TITLE ON A CLAIMANTS INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS
9 TITLE, THE TAXPAYER MAY CARRY FORWARD THE AMOUNT OF THE CLAIM NOT USED TO
10 OFFSET THE TAXES UNDER THIS TITLE FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE
11 YEAR'S INCOME TAX LIABILITY.

12 F. A CREDIT IS NOT ALLOWED FOR A TAXPAYER IF THE EMPLOYEE HIRED IS A
13 RELATIVE OF THE TAXPAYER OR OF A PERSON WHO HAS AN OWNERSHIP INTEREST IN THE
14 TAXPAYER CLAIMING THE CREDIT. FOR THE PURPOSES OF THIS SUBSECTION,
15 "RELATIVE" MEANS THE SPOUSE, CHILD, CHILD'S CHILD, PARENT, GRANDPARENT,
16 BROTHER OR SISTER OF THE WHOLE OR HALF BLOOD OR BY ADOPTION AND THE SPOUSE OF
17 ANY OF THEM, AND THE PARENT, BROTHER, SISTER OR CHILD OF A SPOUSE.

18 Sec. 5. Purpose

19 Pursuant to section 43-223, Arizona Revised Statutes, the legislature
20 enacts sections 43-1086.01 and 43-1171, Arizona Revised Statutes, as added by
21 this act, to assist in helping veterans in finding employment.

22 Sec. 6. Delayed repeal

23 Sections 43-1086.01 and 43-1171, Arizona Revised Statutes, as added by
24 this act, are repealed from and after December 31, 2015. The repeal of these
25 sections does not affect the ability to carry forward a credit that was
26 earned before the repeal of these sections.

27 Sec. 7. Effective date

28 Section 41-2560, Arizona Revised Statutes, as added by this act, is
29 effective from and after December 31, 2013.