HOUSE OF REPRESENTATIVES

HB 2001

income tax brackets; inflation index
Sponsor: Representative Olson

DP Committee on Ways and Means

DP Caucus and COW

X House Engrossed

OVERVIEW

HB 2001 requires the Arizona Department of Revenue (DOR) to adjust the income dollar amounts for each tax bracket in accordance with the annual change in the Metropolitan Phoenix Consumer Price Index.

HISTORY

Individual income tax is levied on personal income of full-time residents and a pro-rated amount for part-time residents. Income tax revenue is collected from wage and salary based income, as well as final payments and refunds after state tax returns have been filed.

Arizona Revised Statutes § 43-1011 prescribes taxable income dollar amounts and rates between 2.59% and 4.54% for single and joint filers that are adjusted based upon individual income earnings.

The Consumer Price Index (CPI) is used by the United States Bureau of Labor Statistics to measure the average prices paid by consumers for goods and services. The CPI is used to determine inflation rates both nationally and for major metropolitan areas (www.bls.gov).

PROVISIONS

1. Requires DOR to increase the income dollar amount of each tax income bracket to compensate for the annual change in the Metropolitan Phoenix CPI for each year beginning from and after December 31, 2015.
2. Stipulates that the revised dollar amount shall be raised to the nearest whole dollar.
3. Prohibits the dollar amount from being revised below the amount prescribed in the prior tax year.