

REFERENCE TITLE: veterans; hiring; tax credit

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

HB 2147

Introduced by
Representatives Borrelli, Carter, Larkin, Orr, Peshlakai, Thorpe,
Townsend: Allen, Cardenas, Forese, Gowan, Lovas, Senator Ward

AN ACT

AMENDING SECTION 43-222, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1075; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1171; PROVIDING FOR THE DELAYED REPEAL OF SECTIONS 43-1075 AND 43-1171, ARIZONA REVISED STATUTES, AS ADDED BY THIS ACT; RELATING TO TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 43-222, Arizona Revised Statutes, is amended to
3 read:

4 43-222. Income tax credit review schedule

5 The joint legislative income tax credit review committee shall review
6 the following income tax credits:

7 1. For years ending in 0 and 5, sections 43-1079.01, 43-1087, 43-1088,
8 43-1090.01, 43-1167.01, 43-1175 and 43-1182.

9 2. For years ending in 1 and 6, sections 43-1074.02, 43-1083,
10 43-1083.02, 43-1085.01, 43-1164.02, 43-1164.03 and 43-1183.

11 3. For years ending in 2 and 7, sections 43-1073, 43-1079, 43-1080,
12 43-1085, 43-1086, 43-1089, 43-1089.01, 43-1089.02, 43-1089.03, 43-1090,
13 43-1164, 43-1167, 43-1169, 43-1176 and 43-1181.

14 4. For years ending in 3 and 8, sections 43-1074.01, 43-1081, 43-1168,
15 43-1170 and 43-1178.

16 5. For years ending in 4 and 9, sections 43-1075, 43-1076, 43-1076.01,
17 43-1081.01, 43-1083.01, 43-1084, 43-1162, 43-1162.01, 43-1164.01, 43-1170.01,
18 43-1171 and 43-1184 and, beginning in 2019, sections 43-1083.03 and
19 43-1164.04.

20 Sec. 2. Title 43, chapter 10, article 5, Arizona Revised Statutes, is
21 amended by adding section 43-1075, to read:

22 43-1075. Credit for employing veterans

23 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2013
24 THROUGH DECEMBER 31, 2016, A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY
25 THIS TITLE FOR A TAXPAYER WHO HIRES AN EMPLOYEE WHO IS ALL OF THE FOLLOWING:

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

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

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

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

35 C. A CREDIT UNDER THIS SECTION IS ALLOWED ONLY FOR THE FIRST YEAR OR
36 PARTIAL YEAR OF EMPLOYMENT OF THE EMPLOYEE.

37 D. THE AMOUNT OF THE CREDIT EQUALS THE LOWEST OF THE FOLLOWING:

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

40 2. TWO THOUSAND DOLLARS FOR AN EMPLOYEE.

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

43 E. CO-OWNERS OF A BUSINESS, INCLUDING PARTNERS IN A PARTNERSHIP AND
44 SHAREHOLDERS OF AN S CORPORATION AS DEFINED IN SECTION 1361 OF THE INTERNAL
45 REVENUE CODE, MAY EACH CLAIM ONLY THE PRO RATA SHARE OF THE CREDIT ALLOWED

1 UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS
2 ALLOWED ALL SUCH OWNERS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN
3 ALLOWED A SOLE OWNER.

4 F. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER
5 THIS TITLE ON A CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS
6 TITLE, THE TAXPAYER MAY CARRY FORWARD THE AMOUNT OF THE CLAIM NOT USED TO
7 OFFSET THE TAXES UNDER THIS TITLE FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE
8 YEARS' INCOME TAX LIABILITY. A CREDIT UNDER THIS SECTION IS NOT REFUNDABLE.
9 A TAXPAYER WHO CARRIES FORWARD ANY AMOUNT OF CREDIT UNDER THIS SUBSECTION MAY
10 NOT THEREAFTER CLAIM A REFUND OF THE AMOUNT OF ANY CREDIT UNDER SUBSECTION D
11 OF THIS SECTION.

12 G. 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. 3. Title 43, chapter 11, article 6, Arizona Revised Statutes, is
19 amended by adding section 43-1171, to read:

20 43-1171. Credit for employing veterans

21 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2013
22 THROUGH DECEMBER 31, 2016, A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY
23 THIS TITLE FOR A TAXPAYER THAT HIRES AN EMPLOYEE WHO IS ALL OF THE FOLLOWING:

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

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

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

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

33 C. A CREDIT UNDER THIS SECTION IS ALLOWED ONLY FOR THE FIRST YEAR OR
34 PARTIAL YEAR OF EMPLOYMENT OF THE EMPLOYEE.

35 D. THE AMOUNT OF THE CREDIT EQUALS THE LOWEST OF THE FOLLOWING:

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

38 2. TWO THOUSAND DOLLARS FOR AN EMPLOYEE.

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

41 E. CO-OWNERS OF A BUSINESS, INCLUDING CORPORATE PARTNERS IN A
42 PARTNERSHIP AND MEMBERS OF A LIMITED LIABILITY COMPANY, MAY EACH CLAIM ONLY
43 THE PRO RATA SHARE OF THE CREDIT ALLOWED UNDER THIS SECTION BASED ON THE
44 OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS ALLOWED ALL OWNERS OF THE

1 BUSINESS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN ALLOWED A SOLE OWNER
2 OF THE BUSINESS.

3 F. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER
4 THIS TITLE ON A CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS
5 TITLE, THE TAXPAYER MAY CARRY FORWARD THE AMOUNT OF THE CLAIM NOT USED TO
6 OFFSET THE TAXES UNDER THIS TITLE FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE
7 YEARS' INCOME TAX LIABILITY. A CREDIT UNDER THIS SECTION IS NOT REFUNDABLE.
8 A TAXPAYER WHO CARRIES FORWARD ANY AMOUNT OF CREDIT UNDER THIS SUBSECTION MAY
9 NOT THEREAFTER CLAIM A REFUND OF THE AMOUNT OF ANY CREDIT UNDER SUBSECTION D
10 OF THIS SECTION.

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

17 Sec. 4. Purpose

18 Pursuant to section 43-223, Arizona Revised Statutes, the legislature
19 enacts sections 43-1075 and 43-1171, Arizona Revised Statutes, as added by
20 this act, to assist in helping veterans in finding employment.

21 Sec. 5. Delayed repeal

22 Sections 43-1075 and 43-1171, Arizona Revised Statutes, as added by
23 this act, are repealed from and after December 31, 2016. The repeal of these
24 sections does not affect the ability to carry forward a credit that was
25 earned before the repeal of these sections.