

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

HCR 2038

Introduced by
Representatives Blanc: Andrade, Bolding, Cano, Chávez, DeGrazia, Engel,
Epstein, Espinoza, Friese, Gabaldón, Jermaine, Longdon, Meza, Pawlik,
Peten, Powers Hannley, Rodriguez, Salman, Shah, Teller, Terán, Tsosie,
Senators Mendez, Quezada

A CONCURRENT RESOLUTION

**ENACTING AND ORDERING THE SUBMISSION TO THE PEOPLE OF A MEASURE RELATING
TO INDIVIDUAL INCOME TAX.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the House of Representatives of the State of Arizona,
2 the Senate concurring:

3 1. Under the power of the referendum, as vested in the Legislature,
4 the following measure, relating to individual income tax, is enacted to
5 become valid as a law if approved by the voters and on proclamation of the
6 Governor:

7 AN ACT

8 AMENDING SECTION 15-977, ARIZONA REVISED STATUTES; AMENDING
9 TITLE 43, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY
10 ADDING SECTION 43-212; AMENDING SECTION 43-1011, ARIZONA
11 REVISED STATUTES; RELATING TO INDIVIDUAL INCOME TAX.

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

13 Section 1. Section 15-977, Arizona Revised Statutes, is
14 amended to read:

15 15-977. Classroom site fund; definitions

16 A. The classroom site fund is established consisting of
17 monies transferred to the fund pursuant to section 37-521,
18 subsection B, section 42-5029, subsection E, paragraph 10, ~~and~~
19 section 42-5029.02, subsection A, ~~paragraph 10~~ AND SECTION
20 43-212. The department of education shall administer the
21 fund. School districts and charter schools may not supplant
22 existing school site funding with revenues from the fund. All
23 monies distributed from the fund are intended for use at the
24 school site. Each school district or charter school shall
25 allocate forty percent of the monies for teacher compensation
26 increases based on performance and employment related
27 expenses, twenty percent of the monies for teacher base salary
28 increases and employment related expenses and forty percent of
29 the monies for maintenance and operation purposes as
30 prescribed in subsection H of this section. MONIES
31 TRANSFERRED TO THE FUND PURSUANT TO SECTION 43-212 MAY BE USED
32 TO FUND THE ACTUAL REASONABLE COSTS THE DEPARTMENT OF
33 EDUCATION AND THE DEPARTMENT OF REVENUE INCUR IN IMPLEMENTING
34 OR EXECUTING THIS SECTION AND SECTION 43-212. THESE COSTS
35 SHALL BE DISCLOSED TO THE EXECUTIVE DIRECTOR OF THE JOINT
36 LEGISLATIVE BUDGET COMMITTEE, WHO SHALL PUBLISH THIS
37 INFORMATION ON THE WEBSITE OF THE JOINT LEGISLATIVE BUDGET
38 COMMITTEE. FOR THE REMAINDER OF THE MONIES TRANSFERRED TO THE
39 FUND PURSUANT TO SECTION 43-212, EACH SCHOOL DISTRICT OR
40 CHARTER SCHOOL SHALL ALLOCATE SIXTY PERCENT OF THE MONIES FOR
41 TEACHER BASE SALARY INCREASES AND EMPLOYMENT-RELATED EXPENSES
42 AND FORTY PERCENT OF THE MONIES FOR MAINTENANCE AND OPERATION
43 PURPOSES AS PRESCRIBED IN SUBSECTION H OF THIS SECTION.
44 Teacher compensation increases based on performance or teacher
45 base salary increases distributed pursuant to this subsection

1 shall supplement, and not supplant, teacher compensation
2 monies from any other sources. The school district or charter
3 school shall notify each school principal of the amount
4 available to the school by April 15 of each year. The
5 district or charter school shall request from the school's
6 principal each school's priority for the allocation of the
7 funds available to the school for each program listed under
8 subsection H of this section. The amount budgeted by the
9 school district or charter school pursuant to this section
10 shall not be included in the allowable budget balance
11 carryforward calculated pursuant to section 15-943.01.

12 B. A school district governing board must adopt a
13 performance based compensation system at a public hearing to
14 allocate funding from the classroom site fund pursuant to
15 subsection A of this section. Individual teacher performance
16 as measured by the teacher's performance classification
17 pursuant to section 15-203, subsection A, paragraph 38 shall
18 be a component of the school district's portion of the forty
19 percent allocation for teacher compensation based on
20 performance and employment related expenses.

21 C. A school district governing board shall vote on a
22 performance based compensation system that includes the
23 following elements:

- 24 1. School district performance and school performance.
- 25 2. Individual teacher performance as measured by the
26 teacher's performance classification pursuant to section
27 15-203, subsection A, paragraph 38. The individual teacher
28 performance component shall account for thirty-three percent
29 of the forty percent allocation for teacher compensation based
30 on performance and employment related expenses.
- 31 3. Measures of academic progress toward the academic
32 standards adopted by the state board of education.
- 33 4. Other measures of academic progress.
- 34 5. Dropout or graduation rates.
- 35 6. Attendance rates.
- 36 7. Ratings of school quality by parents.
- 37 8. Ratings of school quality by students.
- 38 9. The input of teachers and administrators.
- 39 10. Approval of the performance based compensation
40 system based on an affirmative vote of at least seventy
41 percent of the teachers eligible to participate in the
42 performance based compensation system.
- 43 11. An appeals process for teachers who have been
44 denied performance based compensation.

1 12. Regular evaluation for effectiveness, which shall
2 comply with section 15-203, subsection A, paragraph 38.

3 D. A performance based compensation system shall
4 include teacher professional development programs that are
5 aligned with the elements of the performance based
6 compensation system.

7 E. A school district governing board may modify the
8 elements contained in subsection C of this section and
9 consider additional elements when adopting a performance based
10 compensation system. A school district governing board shall
11 adopt any modifications or additional elements and specify the
12 criteria used at a public hearing.

13 ~~F. Until December 31, 2009, each school district shall~~
14 ~~develop an assessment plan for its performance based~~
15 ~~compensation system and submit the plan to the department of~~
16 ~~education by December 31 of each year. A copy of the~~
17 ~~performance based compensation system and assessment plan~~
18 ~~adopted by the school district governing board shall be~~
19 ~~included in the report submitted to the department of~~
20 ~~education.~~

21 F. EACH SCHOOL DISTRICT GOVERNING BOARD SHALL ANNUALLY
22 DEVELOP AND ADOPT A PLAN AT A PUBLIC MEETING TO DISTRIBUTE
23 MONIES RECEIVED FROM THE CLASSROOM SITE FUND. THE SCHOOL
24 DISTRICT GOVERNING BOARD SHALL IMPLEMENT A PROCESS FOR
25 TEACHERS AND STUDENT SUPPORT SERVICES PERSONNEL TO PROVIDE
26 INPUT ON AND APPROVE THE PROPOSED PLAN BEFORE THE GOVERNING
27 BOARD ADOPTS THE PLAN FOR THE FOLLOWING FISCAL YEAR.

28 G. Monies in the fund are continuously appropriated,
29 are exempt from the provisions of section 35-190 relating to
30 lapsing of appropriations and shall be distributed as follows:

31 1. By March 30 of each year, the staff of the joint
32 legislative budget committee shall determine a per pupil
33 amount from the fund for the budget year using the estimated
34 statewide weighted count for the current year pursuant to
35 section 15-943, paragraph 2, subdivision (a) and based on
36 estimated available resources in the classroom site fund for
37 the budget year adjusted for any prior year carryforward or
38 shortfall.

39 2. The allocation to each charter school and school
40 district for a fiscal year shall equal the per pupil amount
41 established in paragraph 1 of this subsection for the fiscal
42 year multiplied by the weighted student count for the school
43 district or charter school for the fiscal year pursuant to
44 section 15-943, paragraph 2, subdivision (a). For the
45 purposes of this paragraph, the weighted student count for a

1 school district that serves as the district of attendance for
2 nonresident pupils shall be increased to include nonresident
3 pupils who attend school in the school district.

4 H. Monies distributed from the classroom site fund
5 shall be spent for the following maintenance and operation
6 purposes:

- 7 1. Class size reduction.
- 8 2. Teacher compensation increases.
- 9 3. Assessment intervention programs.
- 10 4. Teacher development.
- 11 5. Dropout prevention programs.
- 12 6. Teacher liability insurance premiums.
- 13 7. ~~STUDENT SUPPORT SERVICES PERSONNEL COMPENSATION~~
14 ~~INCREASES.~~
- 15 8. ~~FULL-DAY KINDERGARTEN.~~

16 I. The district governing board or charter school shall
17 allocate the classroom site fund monies to include, wherever
18 possible, the priorities identified by the principals of the
19 schools while assuring that the ~~funds~~ ~~MONIES~~ maximize
20 classroom opportunities and conform to the authorized
21 expenditures identified in subsection A of this section.

22 J. School districts and charter schools that receive
23 monies from the classroom site fund shall submit a report by
24 November 15 of each year to the superintendent of public
25 instruction that provides an accounting of the expenditures of
26 monies distributed from the fund during the previous fiscal
27 year and a summary of the results of district and school
28 programs funded with monies distributed from the fund. The
29 department of education in conjunction with the auditor
30 general shall prescribe the format of the report under this
31 subsection.

32 K. School districts and charter schools that receive
33 monies from the classroom site fund shall receive these monies
34 monthly in an amount not to exceed one-twelfth of the monies
35 estimated pursuant to subsection G of this section, except
36 that if there are insufficient monies in the fund that month
37 to make payments, the distribution for that month shall be
38 prorated for each school district or charter school. The
39 department of education may make an additional payment in the
40 current month for any prior month or months in which school
41 districts or charter schools received a prorated payment if
42 there are sufficient monies in the fund that month for the
43 additional payments. The state is not required to make
44 payments to a school district or charter school classroom site
45 fund if the state classroom site fund revenue collections are

1 insufficient to meet the estimated allocations to school
2 districts and charter schools pursuant to subsection G of this
3 section.

4 L. The state education system for committed youth shall
5 receive monies from the classroom site fund in the same manner
6 as school districts and charter schools. The Arizona state
7 schools for the deaf and the blind shall receive monies from
8 the classroom site fund in an amount that corresponds to the
9 weighted student count for the current year pursuant to
10 section 15-943, paragraph 2, subdivision (b) for each pupil
11 enrolled in the Arizona state schools for the deaf and the
12 blind. Except as otherwise provided in this subsection, the
13 Arizona state schools for the deaf and the blind and the state
14 education system for committed youth are subject to this
15 section in the same manner as school districts and charter
16 schools.

17 M. Each school district and charter school, including
18 school districts that unify pursuant to section 15-448 or
19 consolidate pursuant to section 15-459, shall establish a
20 local level classroom site fund to receive allocations from
21 the state level classroom site fund. The local level
22 classroom site fund shall be a budgetary controlled account.
23 Interest charges for any registered warrants for the local
24 level classroom site fund shall be a charge against the local
25 level classroom site fund. Interest earned on monies in the
26 local level classroom site fund shall be added to the local
27 level classroom site fund as provided in section 15-978. This
28 state shall not be required to make payments to a school
29 district or charter school local level classroom site fund
30 that are in addition to monies transferred to the state level
31 classroom site fund pursuant to section 37-521, subsection B,
32 section 42-5029, subsection E, paragraph 10, ~~and~~ section
33 42-5029.02, subsection A, ~~paragraph 10~~ AND SECTION 43-212.

34 N. Monies distributed from the classroom site fund for
35 class size reduction, assessment intervention and dropout
36 prevention programs shall only be used for instructional
37 purposes in the instruction function as defined in the uniform
38 system of financial records, except that monies shall not be
39 used for school-sponsored athletics.

40 O. For the purposes of this section:

41 1. "Assessment intervention" means summer programs,
42 after school programs, before school programs or tutoring
43 programs that are specifically designed to ensure that pupils
44 meet the Arizona academic standards as measured by the
45 statewide assessment prescribed by section 15-741.

1 2. "Class size reduction" means any maintenance and
2 operations expenditure that is designed to reduce the ratio of
3 pupils to classroom teachers, including the use of persons who
4 serve as aides to classroom teachers.

5 3. "STUDENT SUPPORT SERVICES PERSONNEL" MEANS ANY
6 NONADMINISTRATIVE SCHOOL PERSONNEL WHO PROVIDE STUDENT SUPPORT
7 AND INSTRUCTIONAL SUPPORT SERVICES AS DEFINED BY THE SCHOOL
8 DISTRICT GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY,
9 INCLUDING STUDENT FOOD SERVICE, STUDENT TRANSPORTATION AND
10 SCHOOL SITE PLANT OPERATIONS.

11 4. "TEACHER" MEANS ANY NONADMINISTRATIVE PERSONNEL WHO
12 TEACHES STUDENTS OR SUPPORTS STUDENT ACADEMIC ACHIEVEMENT AS
13 DEFINED BY THE SCHOOL DISTRICT GOVERNING BOARD OR CHARTER
14 SCHOOL GOVERNING BODY, INCLUDING NURSES, COUNSELORS, SOCIAL
15 WORKERS, PSYCHOLOGISTS, SPEECH PATHOLOGISTS, LIBRARIANS AND
16 ACADEMIC INTERVENTIONISTS.

17 Sec. 2. Title 43, chapter 2, article 1, Arizona Revised
18 Statutes, is amended by adding section 43-212, to read:

19 43-212. Distribution of revenues; education

20 A. NOTWITHSTANDING SECTIONS 42-1116 AND 43-206, FOR
21 TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2020, THE
22 DEPARTMENT SHALL SEPARATELY ACCOUNT FOR AND DEPOSIT, PURSUANT
23 TO SECTIONS 35-146 AND 35-147, THE FOLLOWING AMOUNTS IN THE
24 CLASSROOM SITE FUND ESTABLISHED BY SECTION 15-977:

25 1. FOR A SINGLE PERSON OR A MARRIED PERSON FILING
26 SEPARATELY WHOSE TAXABLE INCOME IS BETWEEN \$250,001 AND
27 \$500,000, THE NET PROCEEDS OF THE TAX COLLECTED PURSUANT TO
28 SECTION 43-1011, SUBSECTION A, PARAGRAPH 6 THAT REPRESENTS
29 3.46 PERCENT OF THE TAXABLE INCOME IN EXCESS OVER \$250,000.

30 2. FOR A SINGLE PERSON OR A MARRIED PERSON FILING
31 SEPARATELY WHOSE TAXABLE INCOME IS \$500,001 AND OVER, THE NET
32 PROCEEDS OF THE TAX COLLECTED PURSUANT TO SECTION 43-1011,
33 SUBSECTION A, PARAGRAPH 6 THAT REPRESENTS 4.46 PERCENT OF THE
34 TAXABLE INCOME IN EXCESS OVER \$500,000.

35 3. FOR A MARRIED COUPLE FILING A JOINT RETURN OR A
36 SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD WHOSE TAXABLE
37 INCOME IS BETWEEN \$500,001 AND \$1,000,000, THE NET PROCEEDS OF
38 THE TAX COLLECTED PURSUANT TO SECTION 43-1011, SUBSECTION A,
39 PARAGRAPH 6 THAT REPRESENTS 3.46 PERCENT OF THE TAXABLE INCOME
40 IN EXCESS OVER \$500,000.

41 4. FOR A MARRIED COUPLE FILING A JOINT RETURN OR A
42 SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD WHOSE TAXABLE
43 INCOME IS \$1,000,001 AND OVER, THE NET PROCEEDS OF THE TAX
44 COLLECTED PURSUANT TO SECTION 43-1011, SUBSECTION A, PARAGRAPH

1 6 THAT REPRESENTS 4.46 PERCENT OF THE TAXABLE INCOME IN EXCESS
2 OVER \$1,000,000.

3 B. THE DEPARTMENT SHALL ADJUST THE TAXABLE INCOME
4 DOLLAR AMOUNTS DESCRIBED IN SUBSECTION A OF THIS SECTION AS
5 PRESCRIBED IN SECTION 43-1011, SUBSECTION D.

6 C. THE MONIES DISTRIBUTED TO THE CLASSROOM SITE FUND
7 ESTABLISHED BY SECTION 15-977 PURSUANT TO THIS SECTION ARE IN
8 ADDITION TO ANY OTHER APPROPRIATION, TRANSFER OR OTHER
9 ALLOCATION OF PUBLIC OR PRIVATE MONIES FROM ANY OTHER SOURCE
10 AND MAY NOT SUPPLANT, REPLACE OR REDUCE OTHER SCHOOL DISTRICT
11 AND CHARTER SCHOOL FUNDING SOURCES.

12 Sec. 3. Section 43-1011, Arizona Revised Statutes, is
13 amended to read:

14 43-1011. Taxes and tax rates

15 A. There shall be levied, collected and paid for each
16 taxable year on the entire taxable income of every resident of
17 this state and on the entire taxable income of every
18 nonresident that is derived from sources within this state
19 taxes determined in the following manner:

20 1. For taxable years beginning from and after December
21 31, 1996 through December 31, 1997:

22 (a) In the case of a single person or a married person
23 filing separately:

<u>If taxable income is:</u>	<u>The tax is:</u>
24 \$0 - \$10,000	2.90% of taxable income
25 \$10,001 - \$25,000	\$290, plus 3.30% of the excess over \$10,000
26 \$25,001 - \$50,000	\$785, plus 3.90% of the excess over \$25,000
27 \$50,001 - \$150,000	\$1,760, plus 4.80% of the excess over \$50,000
28 \$150,001 and over	\$6,560, plus 5.17% of the excess over 29 \$150,000

30 (b) In the case of a married couple filing a joint
31 return or a single person who is a head of a household:

<u>If taxable income is:</u>	<u>The tax is:</u>
32 \$0 - \$20,000	2.90% of taxable income
33 \$20,001 - \$50,000	\$580, plus 3.30% of the excess over \$20,000
34 \$50,001 - \$100,000	\$1,570, plus 3.90% of the excess over \$50,000
35 \$100,001 - \$300,000	\$3,520, plus 4.80% of the excess over 36 \$100,000
37 \$300,001 and over	\$13,120, plus 5.17% of the excess over 38 \$300,000

39 2. For taxable years beginning from and after December
40 31, 1997 through December 31, 1998:

41 (a) In the case of a single person or a married person
42 filing separately:
43
44

1	<u>If taxable income is:</u>	<u>The tax is:</u>
2	\$0 - \$10,000	2.88% of taxable income
3	\$10,001 - \$25,000	\$288, plus 3.24% of the excess over \$10,000
4	\$25,001 - \$50,000	\$774, plus 3.82% of the excess over \$25,000
5	\$50,001 - \$150,000	\$1,729, plus 4.74% of the excess over \$50,000
6	\$150,001 and over	\$6,469, plus 5.10% of the excess over
7		\$150,000

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

10	<u>If taxable income is:</u>	<u>The tax is:</u>
11	\$0 - \$20,000	2.88% of taxable income
12	\$20,001 - \$50,000	\$576, plus 3.24% of the excess over \$20,000
13	\$50,001 - \$100,000	\$1,548, plus 3.82% of the excess over \$50,000
14	\$100,001 - \$300,000	\$3,458, plus 4.74% of the excess over
15		\$100,000
16	\$300,001 and over	\$12,938, plus 5.10% of the excess over
17		\$300,000

3. For taxable years beginning from and after December 31, 1998 through December 31, 2005:

(a) In the case of a single person or a married person filing separately:

22	<u>If taxable income is:</u>	<u>The tax is:</u>
23	\$0 - \$10,000	2.87% of taxable income
24	\$10,001 - \$25,000	\$287, plus 3.20% of the excess over \$10,000
25	\$25,001 - \$50,000	\$767, plus 3.74% of the excess over \$25,000
26	\$50,001 - \$150,000	\$1,702, plus 4.72% of the excess over \$50,000
27	\$150,001 and over	\$6,422, plus 5.04% of the excess over
28		\$150,000

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

31	<u>If taxable income is:</u>	<u>The tax is:</u>
32	\$0 - \$20,000	2.87% of taxable income
33	\$20,001 - \$50,000	\$574, plus 3.20% of the excess over \$20,000
34	\$50,001 - \$100,000	\$1,534, plus 3.74% of the excess over \$50,000
35	\$100,001 - \$300,000	\$3,404, plus 4.72% of the excess over
36		\$100,000
37	\$300,001 and over	\$12,844, plus 5.04% of the excess over
38		\$300,000

4. For taxable years beginning from and after December 31, 2005 through December 31, 2006:

(a) In the case of a single person or a married person filing separately:

43	<u>If taxable income is:</u>	<u>The tax is:</u>
44	\$0 - \$10,000	2.73% of taxable income
45	\$10,001 - \$25,000	\$273, plus 3.04% of the excess over \$10,000

1	\$25,001 - \$50,000	\$729, plus 3.55% of the excess over \$25,000
2	\$50,001 - \$150,000	\$1,617, plus 4.48% of the excess over \$50,000
3	\$150,001 and over	\$6,097, plus 4.79% of the excess over
4		\$150,000

5 (b) In the case of a married couple filing a joint
6 return or a single person who is a head of a household:

7	<u>If taxable income is:</u>	<u>The tax is:</u>
8	\$0 - \$20,000	2.73% of taxable income
9	\$20,001 - \$50,000	\$546, plus 3.04% of the excess over \$20,000
10	\$50,001 - \$100,000	\$1,458, plus 3.55% of the excess over \$50,000
11	\$100,001 - \$300,000	\$3,233, plus 4.48% of the excess over
12		\$100,000
13	\$300,001 and over	\$12,193, plus 4.79% of the excess over
14		\$300,000

15 5. Subject to subsection B and C of this section, for
16 taxable years beginning from and after December 31, 2006
17 **THROUGH DECEMBER 31, 2020:**

18 (a) In the case of a single person or a married person
19 filing separately:

20	<u>If taxable income is:</u>	<u>The tax is:</u>
21	\$0 - \$10,000	2.59% of taxable income
22	\$10,001 - \$25,000	\$259, plus 2.88% of the excess over \$10,000
23	\$25,001 - \$50,000	\$691, plus 3.36% of the excess over \$25,000
24	\$50,001 - \$150,000	\$1,531, plus 4.24% of the excess over \$50,000
25	\$150,001 and over	\$5,771, plus 4.54% of the excess over
26		\$150,000

27 (b) In the case of a married couple filing a joint
28 return or a single person who is a head of a household:

29	<u>If taxable income is:</u>	<u>The tax is:</u>
30	\$0 - \$20,000	2.59% of taxable income
31	\$20,001 - \$50,000	\$518, plus 2.88% of the excess over \$20,000
32	\$50,001 - \$100,000	\$1,382, plus 3.36% of the excess over \$50,000
33	\$100,001 - \$300,000	\$3,062, plus 4.24% of the excess over
34		\$100,000
35	\$300,001 and over	\$11,542, plus 4.54% of the excess over
36		\$300,000

37 **6. SUBJECT TO SUBSECTION D OF THIS SECTION, FOR TAXABLE**
38 **YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2020:**

39 (a) **IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON**
40 **FILING SEPARATELY:**

41	<u>IF TAXABLE INCOME IS:</u>	<u>THE TAX IS:</u>
42	\$0 - \$10,000	2.59% OF TAXABLE INCOME
43	\$10,001 - \$25,000	\$259, PLUS 2.88% OF THE EXCESS OVER \$10,000
44	\$25,001 - \$50,000	\$691, PLUS 3.36% OF THE EXCESS OVER \$25,000

1	\$50,001 - \$150,000	\$1,531, PLUS 4.24% OF THE EXCESS OVER \$50,000
2	\$150,001 - \$250,000	\$5,771, PLUS 4.54% OF THE EXCESS OVER
3		\$150,000
4	\$250,001 - \$500,000	\$10,311, PLUS 8.00% OF THE EXCESS OVER
5		\$250,000
6	\$500,001 AND OVER	\$30,311, PLUS 9.00% OF THE EXCESS OVER
7		\$500,000

8 (b) IN THE CASE OF A MARRIED COUPLE FILING A JOINT
 9 RETURN OR A SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD:

10 IF TAXABLE INCOME IS: THE TAX IS:

11	\$0 - \$20,000	2.59% OF TAXABLE INCOME
12	\$20,001 - \$50,000	\$518, PLUS 2.88% OF THE EXCESS OVER \$20,000
13	\$50,001 - \$100,000	\$1,382, PLUS 3.36% OF THE EXCESS OVER \$50,000
14	\$100,001 - \$300,000	\$3,062, PLUS 4.24% OF THE EXCESS OVER
15		\$100,000
16	\$300,001 - \$500,000	\$11,542, PLUS 4.54% OF THE EXCESS OVER
17		\$300,000
18	\$500,001 - \$1,000,000	\$20,622, PLUS 8.00% OF THE EXCESS OVER
19		\$500,000
20	\$1,000,000 AND OVER	\$60,622, PLUS 9.00% OF THE EXCESS OVER
21		\$1,000,000

22 B. For the taxable year beginning from and after
 23 December 31, 2014 through December 31, 2015, the department
 24 shall adjust the income dollar amounts for each rate bracket
 25 prescribed by subsection A, paragraph 5 of this section
 26 according to the average annual change in the metropolitan
 27 Phoenix consumer price index published by the United States
 28 DEPARTMENT OF LABOR, bureau of labor statistics. The revised
 29 dollar amounts shall be raised to the nearest whole dollar.
 30 The income dollar amounts for each rate bracket may not be
 31 revised below the amounts prescribed in the prior taxable
 32 year.

33 C. For each taxable year beginning from and after
 34 December 31, 2015 THROUGH DECEMBER 31, 2020, the department
 35 shall adjust the income dollar amounts for each rate bracket
 36 prescribed by subsection A, paragraph 5 of this section
 37 according to the average annual change in the metropolitan
 38 Phoenix consumer price index published by the United States
 39 DEPARTMENT OF LABOR, bureau of labor statistics. The revised
 40 dollar amounts shall be raised to the nearest whole dollar.
 41 The income dollar amounts for each rate bracket may not be
 42 revised below the amounts prescribed in the prior taxable
 43 year.

44 D. FOR EACH TAXABLE YEAR BEGINNING FROM AND AFTER
 45 DECEMBER 31, 2020, THE DEPARTMENT SHALL ADJUST THE INCOME

1 DOLLAR AMOUNTS FOR EACH RATE BRACKET PRESCRIBED BY SUBSECTION
2 A, PARAGRAPH 6 OF THIS SECTION AND THE CORRESPONDING TAXABLE
3 INCOME AMOUNTS PRESCRIBED IN SECTION 43-212 ACCORDING TO THE
4 AVERAGE ANNUAL CHANGE IN THE METROPOLITAN PHOENIX CONSUMER
5 PRICE INDEX PUBLISHED BY THE UNITED STATES DEPARTMENT OF
6 LABOR, BUREAU OF LABOR STATISTICS. THE REVISED DOLLAR AMOUNTS
7 SHALL BE RAISED TO THE NEAREST WHOLE DOLLAR. THE INCOME
8 DOLLAR AMOUNTS FOR EACH RATE BRACKET MAY NOT BE REVISED BELOW
9 THE AMOUNTS PRESCRIBED IN THE PRIOR TAXABLE YEAR.

10 Sec. 4. Inflation adjustment

11 For the taxable year beginning from and after December
12 31, 2020, the department shall adjust the income dollar
13 amounts for each rate bracket prescribed by section 43-1011,
14 subsection A, paragraph 6, Arizona Revised Statutes, as added
15 by this act, and the corresponding taxable income amounts
16 prescribed in section 43-212, Arizona Revised Statutes, as
17 added by this act, according to the average annual changes in
18 the metropolitan Phoenix consumer price index published by the
19 United States department of labor, bureau of labor statistics
20 that have occurred from and after December 31, 2014. The
21 revised income dollar amounts shall be raised to the nearest
22 whole dollar. The department shall adjust the revised income
23 dollar amounts for inflation annually as required by section
24 43-1011, subsection D, Arizona Revised Statutes, as added by
25 this act.

26 2. The Secretary of State shall submit this proposition to the
27 voters at the next general election as provided by article IV, part 1,
28 section 1, Constitution of Arizona.