

PROPOSED
SENATE AMENDMENTS TO S.B. 1465
(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 43-1122, Arizona Revised Statutes, is amended to
3 read:

4 43-1122. Subtractions from Arizona gross income; corporations

5 In computing Arizona taxable income for a corporation, the following
6 amounts shall be subtracted from Arizona gross income:

7 1. The excess of a partner's share of income required to be included
8 under section 702(a)(8) of the internal revenue code over the income
9 required to be included under chapter 14, article 2 of this title.

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

13 3. The amount allowed by section 43-1025 for contributions during
14 the taxable year of agricultural crops to charitable organizations.

15 4. The portion of any wages or salaries paid or incurred by the
16 taxpayer for the taxable year that is equal to the amount of the federal
17 work opportunity credit, the empowerment zone employment credit, the credit
18 for employer paid social security taxes on employee cash tips and the
19 Indian employment credit that the taxpayer received under sections 45A,
20 45B, 51(a) and 1396 of the internal revenue code.

21 5. With respect to property that is sold or otherwise disposed of
22 during the taxable year by a taxpayer that complied with section 43-1121,
23 paragraph 4 with respect to that property, the amount of depreciation that
24 has been allowed pursuant to section 167(a) of the internal revenue code to

1 the extent that the amount has not already reduced Arizona taxable income
2 in the current taxable year or prior taxable years.

3 6. The amount of any original issue discount that was deferred and
4 not allowed to be deducted in computing federal taxable income in the
5 current taxable year pursuant to section 108(i) of the internal revenue
6 code as added by section 1231 of the American recovery and reinvestment act
7 of 2009 (P.L. 111-5).

8 7. The amount of previously deferred discharge of indebtedness
9 income that is included in the computation of federal taxable income in the
10 current taxable year pursuant to section 108(i) of the internal revenue
11 code as added by section 1231 of the American recovery and reinvestment act
12 of 2009 (P.L. 111-5), to the extent that the amount was previously added to
13 Arizona gross income pursuant to section 43-1121, paragraph 5.

14 8. With respect to a financial institution as defined in section
15 6-101, expenses and interest relating to tax-exempt income disallowed
16 pursuant to section 265 of the internal revenue code.

17 9. Dividends received from another corporation owned or controlled
18 directly or indirectly by a recipient corporation. For the purposes of
19 this paragraph, "control" means direct or indirect ownership or control of
20 fifty percent or more of the voting stock of the payor corporation by the
21 recipient corporation. Dividends shall have the meaning provided in
22 section 316 of the internal revenue code. This subtraction shall apply
23 without regard to section 43-961, paragraph 2 and article 4 of this
24 chapter.

25 10. Interest income received on obligations of the United States.

26 11. The amount of dividend income from foreign corporations.

27 12. The amount of net operating loss allowed by section 43-1123.

28 13. The amount of any state income tax refunds received that were
29 included as income in computing federal taxable income.

30 14. The amount of expense recapture included in income pursuant to
31 section 617 of the internal revenue code for mine exploration expenses.

1 15. The amount of deferred exploration expenses allowed by section
2 43-1127.

3 16. The amount of exploration expenses related to the exploration of
4 oil, gas or geothermal resources, computed in the same manner and on the
5 same basis as a deduction for mine exploration pursuant to section 617 of
6 the internal revenue code. This computation is subject to the adjustments
7 contained in section 43-1121, paragraph 12 and paragraphs 14 and 15 of this
8 section relating to exploration expenses.

9 17. The amortization of pollution control devices allowed by section
10 43-1129.

11 18. The amount of amortization of the cost of child care facilities
12 pursuant to section 43-1130.

13 19. The amount of income from a domestic international sales
14 corporation required to be included in the income of its shareholders
15 pursuant to section 995 of the internal revenue code.

16 20. The income of an insurance company that is exempt under section
17 43-1201 to the extent that it is included in computing Arizona gross income
18 on a consolidated return pursuant to section 43-947.

19 21. The amount by which a capital loss carryover allowable pursuant
20 to section 43-1130.01, subsection F exceeds the capital loss carryover
21 allowable pursuant to section 1341(b)(5) of the internal revenue code.

22 22. An amount equal to the depreciation allowable pursuant to
23 section 167(a) of the internal revenue code for the taxable year computed
24 as if the election described in section 168(k)(7) of the internal revenue
25 code had been made for each applicable class of property in the year the
26 property was placed in service.

27 23. The amount of eligible access expenditures paid or incurred
28 during the taxable year to comply with the requirements of the Americans
29 with disabilities act of 1990 (P.L. 101-336) or title 41, chapter 9,
30 article 8 as provided by section 43-1124.

31 24. For taxable years beginning from and after December 31, 2017,
32 the amount of any net capital gain included in Arizona gross income for the

1 taxable year that is derived from the exchange of one kind of legal tender
2 for another kind of legal tender. For the purposes of this paragraph:

3 (a) "Legal tender" means a medium of exchange, including specie,
4 that is authorized by the United States Constitution or Congress ~~for the~~
5 ~~payment of~~ TO PAY debts, public charges, taxes and dues.

6 (b) "Specie" means coins having precious metal content.

7 25. THE AMOUNT OF THE CONTRIBUTION IN AID OF CONSTRUCTION AND
8 ADVANCE IN AID OF CONSTRUCTION FOR WATER AND WASTEWATER UTILITIES AS
9 DESCRIBED BY 26 CODE OF FEDERAL REGULATIONS SECTION 1.118-2 TO THE EXTENT
10 THE AMOUNT WAS INCLUDED IN FEDERAL TAXABLE INCOME.

11 Sec. 2. Retroactivity

12 This act applies retroactively to taxable years beginning from and
13 after December 31, 2017."

14 Amend title to conform

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02/15/2019
11:43 AM
C: ED