

State of Arizona
House of Representatives
Fifty-fourth Legislature
Second Regular Session
2020

HOUSE BILL 2752

AN ACT

AMENDING TITLE 41, CHAPTER 7, ARTICLE 10, ARIZONA REVISED STATUTES, BY
ADDING SECTION 41-1275; AMENDING SECTION 43-1011, ARIZONA REVISED
STATUTES; RELATING TO INDIVIDUAL INCOME TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 41, chapter 7, article 10, Arizona Revised
3 Statutes, is amended by adding section 41-1275, to read:

4 41-1275. Annual ongoing state general fund revenue: joint
5 legislative budget committee determination;
6 definitions

7 A. FOR EACH FISCAL YEAR BEGINNING IN FISCAL YEAR 2020-2021, FOR THE
8 PURPOSE OF COMPUTING THE INDIVIDUAL INCOME TAX RATE REDUCTION PURSUANT TO
9 SECTION 43-1011, SUBSECTION E, THE JOINT LEGISLATIVE BUDGET COMMITTEE
10 SHALL:

11 1. CALCULATE THE GROWTH LIMIT FOR THE FOLLOWING FISCAL YEAR.

12 2. CALCULATE THE AMOUNT OF ONGOING STATE GENERAL FUND REVENUES FOR
13 THE FOLLOWING FISCAL YEAR.

14 3. IF THE AMOUNT CALCULATED IN PARAGRAPH 1 OF THIS SUBSECTION
15 EXCEEDS THE AMOUNT CALCULATED IN PARAGRAPH 2 OF THIS SUBSECTION, ESTIMATE
16 THE AMOUNT OF STRUCTURAL SURPLUS FOR THE IMMEDIATELY FOLLOWING FISCAL
17 YEAR.

18 4. MULTIPLY THE AMOUNT ESTIMATED PURSUANT TO PARAGRAPH 3 OF THIS
19 SUBSECTION BY FIFTY PERCENT.

20 B. FOR THE PURPOSES OF THIS SECTION:

21 1. "GROWTH LIMIT" MEANS THE ONGOING STATE GENERAL FUND REVENUES FOR
22 FISCAL YEAR 2019-2020 AS DETERMINED BY THE JOINT LEGISLATIVE BUDGET
23 COMMITTEE, ANNUALLY INCREASED BY THE SUM OF THE PERCENTAGE CHANGE IN
24 INFLATION PLUS THE PERCENTAGE CHANGE IN POPULATION GROWTH.

25 2. "INFLATION" MEANS THE AVERAGE ANNUAL CHANGE IN THE METROPOLITAN
26 PHOENIX CONSUMER PRICE INDEX PUBLISHED BY THE UNITED STATES DEPARTMENT OF
27 LABOR, BUREAU OF LABOR STATISTICS, FOR THE MOST RECENTLY ENDED CALENDAR
28 YEAR.

29 3. "POPULATION GROWTH" MEANS THE YEAR-OVER-YEAR CHANGE IN TOTAL
30 POPULATION FOR THIS STATE FOR THE MOST RECENTLY ENDED CALENDAR YEAR AS
31 ESTIMATED BY THE UNITED STATES CENSUS BUREAU.

32 4. "STRUCTURAL SURPLUS" MEANS THE DIFFERENCE BETWEEN ONGOING STATE
33 GENERAL FUND REVENUES AND ONGOING STATE GENERAL FUND EXPENDITURES AFTER
34 ADJUSTING FOR REVENUE AND EXPENDITURE INCREASES AS ESTIMATED BY THE JOINT
35 LEGISLATIVE BUDGET COMMITTEE.

36 Sec. 2. Section 43-1011, Arizona Revised Statutes, is amended to
37 read:

38 43-1011. Taxes and tax rates

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

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

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

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

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

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

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

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

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 - \$20,000	2.88% of taxable income
\$20,001 - \$50,000	\$576, plus 3.24% of the excess over \$20,000

1	\$50,001 - \$100,000	\$1,548, plus 3.82% of the excess
2		over \$50,000
3	\$100,001 - \$300,000	\$3,458, plus 4.74% of the excess
4		over \$100,000
5	\$300,001 and over	\$12,938, plus 5.10% of the
6		excess over \$300,000

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

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

11	<u>If taxable income is:</u>	<u>The tax is:</u>
12	\$0 - \$10,000	2.87% of taxable income
13	\$10,001 - \$25,000	\$287, plus 3.20% of the excess
14		over \$10,000
15	\$25,001 - \$50,000	\$767, plus 3.74% of the excess
16		over \$25,000
17	\$50,001 - \$150,000	\$1,702, plus 4.72% of the excess
18		over \$50,000
19	\$150,001 and over	\$6,422, plus 5.04% of the excess
20		over \$150,000

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

23	<u>If taxable income is:</u>	<u>The tax is:</u>
24	\$0 - \$20,000	2.87% of taxable income
25	\$20,001 - \$50,000	\$574, plus 3.20% of the excess
26		over \$20,000
27	\$50,001 - \$100,000	\$1,534, plus 3.74% of the excess
28		over \$50,000
29	\$100,001 - \$300,000	\$3,404, plus 4.72% of the excess
30		over \$100,000
31	\$300,001 and over	\$12,844, plus 5.04% of the
32		excess over \$300,000

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

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

37	<u>If taxable income is:</u>	<u>The tax is:</u>
38	\$0 - \$10,000	2.73% of taxable income
39	\$10,001 - \$25,000	\$273, plus 3.04% of the excess
40		over \$10,000
41	\$25,001 - \$50,000	\$729, plus 3.55% of the excess
42		over \$25,000

1	\$50,001 - \$150,000	\$1,617, plus 4.48% of the excess
2		over \$50,000
3	\$150,001 and over	\$6,097, plus 4.79% of the excess
4		over \$150,000
5	(b) In the case of a married couple filing a joint return or a	
6	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
10		over \$20,000
11	\$50,001 - \$100,000	\$1,458, plus 3.55% of the excess
12		over \$50,000
13	\$100,001 - \$300,000	\$3,233, plus 4.48% of the excess
14		over \$100,000
15	\$300,001 and over	\$12,193, plus 4.79% of the
16		excess over \$300,000
17	5. Subject to subsections B and C of this section, for taxable	
18	years beginning from and after December 31, 2006 through December 31,	
19	2018:	
20	(a) In the case of a single person or a married person filing	
21	separately:	
22	<u>If taxable income is:</u>	<u>The tax is:</u>
23	\$0 - \$10,000	2.59% of taxable income
24	\$10,001 - \$25,000	\$259, plus 2.88% of the excess
25		over \$10,000
26	\$25,001 - \$50,000	\$691, plus 3.36% of the excess
27		over \$25,000
28	\$50,001 - \$150,000	\$1,531, plus 4.24% of the excess
29		over \$50,000
30	\$150,001 and over	\$5,771, plus 4.54% of the excess
31		over \$150,000
32	(b) In the case of a married couple filing a joint return or a	
33	single person who is a head of a household:	
34	<u>If taxable income is:</u>	<u>The tax is:</u>
35	\$0 - \$20,000	2.59% of taxable income
36	\$20,001 - \$50,000	\$518, plus 2.88% of the excess
37		over \$20,000
38	\$50,001 - \$100,000	\$1,382, plus 3.36% of the excess
39		over \$50,000
40	\$100,001 - \$300,000	\$3,062, plus 4.24% of the excess
41		over \$100,000
42	\$300,001 and over	\$11,542, plus 4.54% of the
43		excess over \$300,000

6. Subject to ~~subsection~~ SUBSECTIONS D AND E of this section, for taxable years beginning from and after December 31, 2018:

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

<u>if taxable income is:</u>	<u>the tax is:</u>
\$0 - \$26,500	2.59% of taxable income
\$26,501 - \$53,000	\$686, plus 3.34% of the amount over \$26,500
\$53,001 - \$159,000	\$1,571, plus 4.17% of the amount over \$53,000
\$159,001 and over	\$5,991, plus 4.50% of the amount over \$159,000

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

<u>if taxable income is:</u>	<u>the tax is:</u>
\$0 - \$53,000	2.59% of taxable income
\$53,001 - \$106,000	\$1,373, plus 3.34% of the amount over \$53,000
\$106,001 - \$318,000	\$3,143, plus 4.17% of the amount over \$106,000
\$318,001 and over	\$11,983, plus 4.50% of the amount over \$318,000

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

C. For each taxable year beginning from and after December 31, 2015 through December 31, 2018, the department shall adjust the income dollar amounts for each rate bracket prescribed by subsection A, paragraph 5 of this section according to the average annual change in the metropolitan Phoenix consumer price index published by the United States department of labor, bureau of labor statistics. The revised dollar amounts shall be raised to the nearest whole dollar. The income dollar amounts for each rate bracket may not be revised below the amounts prescribed in the prior taxable year.

D. For each taxable year beginning from and after December 31, 2019, the department shall adjust the income dollar amount for each rate bracket prescribed by subsection A, paragraph 6 of this section according to the average annual change in the metropolitan Phoenix consumer price index published by the United States department of labor, bureau of labor

1 statistics. The revised dollar amounts shall be raised to the nearest
2 whole dollar. The income dollar amounts for each rate bracket may not be
3 revised below the amounts prescribed in the prior taxable year.

4 E. FOR EACH TAXABLE YEAR BEGINNING FROM AND AFTER DECEMBER 31,
5 2020, THE DEPARTMENT SHALL REDUCE FOR THE CURRENT TAXABLE YEAR EACH RATE
6 PRESCRIBED BY SUBSECTION A, PARAGRAPH 6 OF THIS SECTION BY AN EQUAL
7 PERCENTAGE SUCH THAT THE TOTAL AMOUNT OF THE RATE REDUCTION IS EQUAL TO
8 THE AMOUNT CALCULATED PURSUANT TO SECTION 41-1275, SUBSECTION A,
9 PARAGRAPH 4. IF THE AMOUNT CALCULATED PURSUANT TO SECTION 41-1275,
10 SUBSECTION A, PARAGRAPH 4 IS EQUAL TO OR LESS THAN ZERO, THE RATES
11 PRESCRIBED BY SUBSECTION A, PARAGRAPH 6 OF THIS SECTION AS REDUCED
12 PURSUANT TO THIS SUBSECTION SHALL BE THE SAME AS THE RATES FOR THE
13 IMMEDIATELY PRECEDING TAXABLE YEAR.

14 Sec. 3. Applicability

15 This act applies to taxable years beginning on or after December 31,
16 2020.