

State of Arizona
Senate
Fifty-fourth Legislature
Second Regular Session
2020

SENATE BILL 1394

AN ACT

AMENDING TITLE 20, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-224.04; AMENDING TITLE 41, CHAPTER 37, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3954; AMENDING SECTIONS 41-3955 AND 43-222, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-225; 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 43-1163; AMENDING SECTION 44-313, ARIZONA REVISED STATUTES; REPEALING SECTIONS 20-224.04, 41-3954, 43-225, 43-1075 AND 43-1163, ARIZONA REVISED STATUTES, AS ADDED BY THIS ACT; RELATING TO UNCLAIMED PROPERTY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 20, chapter 2, article 1, Arizona Revised
3 Statutes, is amended by adding section 20-224.04, to read:

4 20-224.04. Affordable housing premium tax credit

5 A. A TAXPAYER IS ALLOWED A CREDIT AGAINST THE PREMIUM TAX INCURRED
6 PURSUANT TO SECTION 20-224, 20-837, 20-1010, 20-1060 OR 20-1097.07 IF THE
7 ARIZONA DEPARTMENT OF HOUSING ISSUES AN ELIGIBILITY STATEMENT FOR A
8 QUALIFIED PROJECT PURSUANT TO SECTION 41-3954. THE AMOUNT OF THE CREDIT:

9 1. IS EQUAL TO AT LEAST FIFTY PERCENT OF THE AMOUNT OF THE FEDERAL
10 LOW-INCOME HOUSING CREDIT FOR THE QUALIFIED PROJECT.

11 2. ON NOTICE TO THE DEPARTMENT OF INSURANCE AND FINANCIAL
12 INSTITUTIONS, MAY BE ALLOCATED AMONG THE PARTNERS OR MEMBERS, AS DEFINED
13 IN TITLE 29, OR SHAREHOLDERS, AS THEY MAY AGREE AMONG THEMSELVES,
14 REGARDLESS OF THE SIZE OF SUCH PARTICIPANT'S OWNERSHIP INTEREST. THE
15 TOTAL OF THE ALLOCATED CREDITS AMONG ALL SUCH PARTICIPANTS MAY NOT EXCEED
16 THE AMOUNT OF THE CREDIT APPROVED BY THE ARIZONA DEPARTMENT OF HOUSING.
17 THIS PARAGRAPH DOES NOT PROHIBIT A PARTNER OR MEMBER, AS DEFINED IN TITLE
18 29, OR SHAREHOLDER FROM HOLDING AN INVESTMENT EXCLUSIVELY IN EITHER THE
19 STATE CREDITS OR FEDERAL CREDITS ALLOCATED TO THE QUALIFIED PROJECT.

20 B. TO CLAIM THE CREDIT UNDER THIS SECTION, THE TAXPAYER MUST SUBMIT
21 THE ELIGIBILITY STATEMENT PROVIDED BY THE ARIZONA DEPARTMENT OF HOUSING
22 UNDER SECTION 41-3954 TO THE DEPARTMENT OF INSURANCE AND FINANCIAL
23 INSTITUTIONS WITH THE TAXPAYER'S PREMIUM TAX RETURN. A CREDIT UNDER THIS
24 SECTION IS NOT ALLOWED UNTIL THE TAXPAYER FURNISHES THE REQUIRED
25 DOCUMENTATION.

26 C. IF THE AMOUNT OF THE CREDIT UNDER THIS SECTION EXCEEDS THE
27 TAXPAYER'S STATE PREMIUM TAX LIABILITY, THE AMOUNT OF THE CLAIM NOT USED
28 TO OFFSET THE PREMIUM TAX LIABILITY MAY BE CARRIED FORWARD FOR NOT MORE
29 THAN FIVE CONSECUTIVE TAXABLE YEARS' PREMIUM TAX LIABILITY.

30 D. IF ALL OR PART OF THE FEDERAL LOW-INCOME HOUSING TAX CREDIT WITH
31 RESPECT TO THE QUALIFIED PROJECT IS SUBJECT TO RECAPTURE UNDER SECTION 42
32 OF THE INTERNAL REVENUE CODE DURING THE FIRST TEN TAXABLE YEARS AFTER THE
33 PROJECT IS PLACED IN SERVICE, THE CREDIT UNDER THIS SECTION IS ALSO
34 SUBJECT TO RECAPTURE IN A PROPORTIONAL AMOUNT FROM ALL TAXPAYERS THAT
35 CLAIMED THE CREDIT. THE RECAPTURE IS CALCULATED BY INCREASING THE AMOUNT
36 OF TAXES IMPOSED IN THE FOLLOWING YEAR BY THE AMOUNT RECAPTURED.

37 E. A TAXPAYER THAT CLAIMS A TAX CREDIT AGAINST STATE PREMIUM TAX
38 LIABILITY IS NOT REQUIRED TO PAY ANY ADDITIONAL RETALIATORY TAX IMPOSED
39 PURSUANT TO SECTION 20-230 AS A RESULT OF CLAIMING THAT TAX CREDIT. THE
40 CREDIT MAY FULLY OFFSET ANY RETALIATORY TAX IMPOSED BY SECTION 20-230.

41 F. THE DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS, WITH THE
42 COOPERATION OF THE DEPARTMENT OF REVENUE AND THE ARIZONA DEPARTMENT OF
43 HOUSING, SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS AND PROCEDURES
44 AS NECESSARY TO ADMINISTER THIS SECTION.

1 Sec. 2. Title 41, chapter 37, article 2, Arizona Revised Statutes,
2 is amended by adding section 41-3954, to read:

3 41-3954. Affordable housing tax credit; limit; eligibility
4 statement; rules; public hearing; definitions

5 A. THE AFFORDABLE HOUSING TAX CREDIT IS ESTABLISHED. THE
6 DEPARTMENT SHALL ADMINISTER THE CREDIT AS PROVIDED BY THIS SECTION.

7 B. ON APPLICATION, THE DEPARTMENT SHALL ALLOCATE TAX CREDITS UNDER
8 THIS SECTION FOR PROJECTS IN THIS STATE THAT QUALIFY FOR THE FEDERAL
9 LOW-INCOME HOUSING TAX CREDIT UNDER SECTION 42 OF THE INTERNAL REVENUE
10 CODE AND THAT ARE PLACED IN SERVICE, FOR PURPOSES OF THE FEDERAL CREDIT,
11 FROM AND AFTER JUNE 30, 2021, IN AN AMOUNT EQUAL TO AT LEAST FIFTY PERCENT
12 OF THE AMOUNT OF THE FEDERAL CREDIT ALLOWED IN EACH TAXABLE YEAR DURING
13 THE FEDERAL CREDIT PERIOD. THE DEPARTMENT SHALL ALLOCATE TAX CREDITS
14 UNDER THIS SECTION ACCORDING TO THE DEPARTMENT'S CURRENT QUALIFIED
15 ALLOCATION PLAN ADOPTED PURSUANT TO SECTION 42(m) OF THE INTERNAL REVENUE
16 CODE.

17 C. THE DEPARTMENT SHALL PRESCRIBE FORMS, PROCEDURES AND CRITERIA
18 FOR APPLYING, EVALUATING AND QUALIFYING FOR THE CREDIT UNDER THIS SECTION.
19 THE DEPARTMENT SHALL ISSUE AN ELIGIBILITY STATEMENT FOR EACH QUALIFIED
20 PROJECT THAT IDENTIFIES THE QUALIFIED PROJECT, THE ALLOCATION YEAR AND THE
21 AMOUNT OF THE CREDITS ALLOCATED TO THE PROJECT.

22 D. THE DEPARTMENT SHALL ALLOCATE A TOTAL OF \$8,000,000 OF TAX
23 CREDITS UNDER THIS SECTION IN ANY CALENDAR YEAR, ACCORDING TO THE DATE OF
24 THE ALLOCATION OF THE CREDIT. AN APPROVED AMOUNT APPLIES AGAINST THE
25 DOLLAR LIMIT FOR THE YEAR IN WHICH THE APPLICATION IS SUBMITTED. IF, AT
26 THE END OF ANY YEAR, AN UNUSED BALANCE OCCURS UNDER THE DOLLAR LIMIT
27 PRESCRIBED BY THIS SUBSECTION, THE BALANCE SHALL BE REALLOCATED FOR THE
28 PURPOSES OF THIS SUBSECTION IN THE FOLLOWING YEAR.

29 E. ANY TAXPAYER THAT OWNS AN INTEREST IN AN INVESTMENT IN A
30 QUALIFIED PROJECT THAT RECEIVES AN ELIGIBILITY STATEMENT FROM THE
31 DEPARTMENT IS ALLOWED A TAX CREDIT UNDER THIS SECTION FOR TAXABLE YEARS
32 BEGINNING FROM AND AFTER DECEMBER 31, 2020 IF THE TAXPAYER ACQUIRES THE
33 INTEREST BEFORE FILING A TAX RETURN CLAIMING THE TAX CREDIT. THE TAXPAYER
34 SHALL APPLY THE CREDIT AGAINST THE TAXPAYER'S INSURANCE PREMIUM OR INCOME
35 TAX LIABILITY AS PROVIDED AND SUBJECT TO THE PROCEDURES, TERMS AND
36 CONDITIONS PRESCRIBED BY SECTION 20-224.04, 43-1075 OR 43-1163, AS
37 APPLICABLE.

38 F. A QUALIFIED PROJECT THAT IS APPROVED FOR THE PURPOSES OF THE
39 CREDIT UNDER THIS SECTION IS NOT ELIGIBLE FOR ANY ABATEMENT, EXEMPTION OR
40 OTHER REDUCTION IN STATE OR LOCAL AD VALOREM PROPERTY TAXES OTHERWISE
41 ALLOWED BY STATUTE.

42 G. THE ARIZONA DEPARTMENT OF HOUSING, WITH THE COOPERATION OF THE
43 DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS AND THE DEPARTMENT OF
44 REVENUE, SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS AND PROCEDURES

1 AS NECESSARY TO ADMINISTER THIS SECTION, INCLUDING CRITERIA ON WHICH
2 ELIGIBILITY STATEMENTS ARE ISSUED UNDER THIS SECTION.

3 H. ON OR BEFORE JULY 30 OF EACH YEAR, THE ARIZONA DEPARTMENT OF
4 HOUSING SHALL HOLD A PUBLIC HEARING TO SOLICIT AND ACCEPT PUBLIC COMMENTS
5 RELATING TO THE AMOUNT OF THE CREDIT UNDER THIS SECTION TO BE USED FOR
6 QUALIFIED PROJECTS THAT ARE FINANCED THROUGH TAX-EXEMPT BOND ISSUANCE AS
7 PART OF THE QUALIFIED ALLOCATION PLAN PROCESS AND OTHER AFFORDABLE HOUSING
8 TAX CREDIT ISSUES. THE ARIZONA DEPARTMENT OF HOUSING SHALL POST A COPY OF
9 ALL COMMENTS SUBMITTED DURING THIS PUBLIC HEARING ON THE ARIZONA
10 DEPARTMENT OF HOUSING'S WEBSITE BEFORE SEPTEMBER 15 OF THE SAME YEAR IN
11 WHICH THE PUBLIC HEARING IS HELD.

12 I. FOR THE PURPOSES OF THIS SECTION:

13 1. "INTERNAL REVENUE CODE" HAS THE SAME MEANING PRESCRIBED BY
14 SECTION 43-105.

15 2. "QUALIFIED PROJECT" MEANS A QUALIFIED LOW-INCOME BUILDING AS
16 DEFINED IN SECTION 42(c)(2) OF THE INTERNAL REVENUE CODE.

17 3. "TAXPAYER" MEANS A PERSON, FIRM OR CORPORATION THAT IS SUBJECT
18 TO TAXATION UNDER TITLE 20 OR UNDER TITLE 43, CHAPTER 10 OR 11.

19 Sec. 3. Section 41-3955, Arizona Revised Statutes, is amended to
20 read:

21 41-3955. Housing trust fund; purpose; annual report

22 A. The housing trust fund is established, and the director shall
23 administer the fund. The fund consists of monies ~~from unclaimed property~~
24 deposited in the fund pursuant to section 44-313, monies transferred
25 pursuant to section 35-751 and investment earnings.

26 B. On notice from the department, the state treasurer shall invest
27 and divest monies in the fund as provided by section 35-313, and monies
28 earned from investment shall be credited to the fund.

29 C. Except as provided in subsection D of this section, fund monies
30 shall be spent on approval of the department for developing projects and
31 programs connected with providing housing opportunities for low and
32 moderate income households and for housing affordability programs.
33 Pursuant to section 44-313, subsection A, a portion of fund monies shall
34 be used exclusively for housing in rural areas.

35 D. Fund monies may be spent on constructing or renovating
36 facilities and on housing assistance, including support services, for
37 persons who have been determined to be seriously mentally ill and to be
38 chronically resistant to treatment.

39 E. For the purposes of subsection C of this section, in approving
40 the expenditure of monies, the director shall give priority to funding
41 projects that provide for operating, constructing or renovating facilities
42 for housing for low-income families and that provide housing and shelter
43 to families that have children.

44 F. The director shall report annually to the legislature on the
45 status of the housing trust fund. The report shall include a summary of

1 facilities for which funding was provided during the preceding fiscal year
2 and shall show the cost and geographic location of each facility and the
3 number of individuals benefiting from the operation, construction or
4 renovation of the facility. The report shall also include the number of
5 individuals who benefit from housing assistance pursuant to subsection D
6 of this section. The report shall be submitted to the president of the
7 senate and the speaker of the house of representatives, and a copy
8 provided to the secretary of state, not later than September 1 of each
9 year.

10 G. Monies in the housing trust fund are exempt from the provisions
11 of section 35-190 relating to lapsing of appropriations.

12 H. An amount not to exceed ten percent of the housing trust fund
13 monies may be appropriated annually by the legislature to the department
14 for administrative costs in providing services relating to the housing
15 trust fund.

16 I. For any construction project financed by the department pursuant
17 to this section, the department shall notify a city, town, county or
18 tribal government that a project is planned for its jurisdiction and,
19 before proceeding, shall seek comment from the governing body of the city,
20 town, county or tribal government or an official authorized by the
21 governing body of the city, town, county or tribal government. The
22 department shall not interfere with or attempt to override the local
23 jurisdiction's planning, zoning or land use regulations.

24 J. THE DEPARTMENT SHALL NOT LIMIT THE USE OF TRUST FUND MONIES
25 BASED UPON THE ORGANIZATIONAL STRUCTURE OF THE ENTITY RECEIVING THE MONIES
26 INCLUDING WHETHER OR NOT THE ENTITY IS A NON-PROFIT OR FOR PROFIT ENTITY.

27 Sec. 4. Section 43-222, Arizona Revised Statutes, is amended to
28 read:

29 43-222. Income tax credit review schedule

30 The joint legislative income tax credit review committee shall
31 review the following income tax credits:

32 1. For years ending in 0 and 5, sections 43-1075, 43-1079.01,
33 43-1087, 43-1088, 43-1089.04, 43-1163, 43-1167.01 and 43-1175.

34 2. For years ending in 1 and 6, sections 43-1072.02, 43-1074.02,
35 43-1083, 43-1083.02, 43-1164.03 and 43-1183.

36 3. For years ending in 2 and 7, sections 43-1073, 43-1080, 43-1085,
37 43-1086, 43-1089, 43-1089.01, 43-1089.02, 43-1089.03, 43-1164, 43-1169 and
38 43-1181.

39 4. For years ending in 3 and 8, sections 43-1074.01, 43-1081,
40 43-1168, 43-1170 and 43-1178.

41 5. For years ending in 4 and 9, sections 43-1073.01, 43-1076,
42 43-1081.01, 43-1084, 43-1162, 43-1164.05, 43-1170.01 and 43-1184 and,
43 beginning in 2019, sections 43-1083.03 and 43-1164.04.

1 Sec. 5. Title 43, chapter 2, article 2, Arizona Revised Statutes,
2 is amended by adding section 43-225, to read:

3 43-225. Affordable housing tax credit review committee;
4 reports; committee termination

5 A. THE AFFORDABLE HOUSING TAX CREDIT REVIEW COMMITTEE IS
6 ESTABLISHED CONSISTING OF THE FOLLOWING MEMBERS:

7 1. THREE MEMBERS WHO ARE APPOINTED BY THE GOVERNOR, NOT MORE THAN
8 TWO OF WHOM ARE MEMBERS OF THE SAME POLITICAL PARTY.

9 2. THREE MEMBERS WHO ARE APPOINTED BY THE PRESIDENT OF THE SENATE,
10 NOT MORE THAN TWO OF WHOM ARE MEMBERS OF THE SAME POLITICAL PARTY.

11 3. THREE MEMBERS WHO ARE APPOINTED BY THE SPEAKER OF THE HOUSE OF
12 REPRESENTATIVES, NOT MORE THAN TWO OF WHOM ARE MEMBERS OF THE SAME
13 POLITICAL PARTY.

14 B. APPOINTED MEMBERS SERVE AT THE PLEASURE OF THE PERSON WHO MADE
15 THE APPOINTMENT.

16 C. COMMITTEE MEMBERS ARE NOT ELIGIBLE TO RECEIVE COMPENSATION BUT
17 ARE ELIGIBLE TO RECEIVE REIMBURSEMENT FOR EXPENSES PURSUANT TO TITLE 38,
18 CHAPTER 4, ARTICLE 2.

19 D. THE COMMITTEE SHALL REVIEW THE AFFORDABLE HOUSING TAX CREDITS
20 ALLOWED UNDER SECTIONS 20-224.04, 41-3954, 43-1075 AND 43-1163 ON THE
21 FIFTH YEAR AFTER THE EFFECTIVE DATE OF THE CREDIT AND EVERY FIVE YEARS
22 THEREAFTER. THE COMMITTEE'S REVIEW SHALL INCLUDE THE FOLLOWING:

23 1. THE HISTORY, RATIONALE AND ESTIMATED REVENUE IMPACT OF THE
24 CREDIT.

25 2. WHETHER THE CREDIT HAS PROVIDED A BENEFIT TO THIS STATE THAT
26 INCLUDES, FOR CORPORATE TAX CREDITS, MEASURABLE ECONOMIC DEVELOPMENT, NEW
27 INVESTMENTS, CREATION OF NEW JOBS OR RETENTION OF EXISTING JOBS IN THIS
28 STATE.

29 3. WHETHER THE CREDIT IS UNNECESSARILY COMPLEX IN THE APPLICATION,
30 ADMINISTRATION AND APPROVAL PROCESSES.

31 4. THE NUMBER OF HOUSING UNITS GENERATED AS A RESULT OF THE TAX
32 CREDIT AND THE AVERAGE INCOME OF RESIDENTS OFFERED HOUSING UNITS.

33 E. THE COMMITTEE SHALL REPORT ITS FINDINGS AND RECOMMENDATIONS TO
34 THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES
35 AND THE GOVERNOR ON OR BEFORE DECEMBER 15 OF THE YEAR THE COMMITTEE
36 REVIEWS THE CREDIT AND SHALL PROVIDE A COPY OF THE REPORT TO THE SECRETARY
37 OF STATE.

38 F. THE COMMITTEE ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2028
39 PURSUANT TO SECTION 41-3103.

40 Sec. 6. Title 43, chapter 10, article 5, Arizona Revised Statutes,
41 is amended by adding section 43-1075, to read:

42 43-1075. Affordable housing tax credit

43 A. A TAXPAYER IS ALLOWED A CREDIT AGAINST THE TAXES IMPOSED BY THIS
44 TITLE IF THE ARIZONA DEPARTMENT OF HOUSING ISSUES AN ELIGIBILITY STATEMENT

1 FOR A QUALIFIED PROJECT PURSUANT TO SECTION 41-3954. THE AMOUNT OF THE
2 CREDIT:

3 1. IS EQUAL TO AT LEAST FIFTY PERCENT OF THE AMOUNT OF THE FEDERAL
4 LOW-INCOME HOUSING CREDIT FOR THE QUALIFIED PROJECT.

5 2. ON NOTICE TO THE DEPARTMENT OF REVENUE, MAY BE ALLOCATED AMONG
6 THE PARTNERS OR MEMBERS, AS DEFINED IN TITLE 29, OR SHAREHOLDERS, AS THEY
7 MAY AGREE AMONG THEMSELVES REGARDLESS OF THE SIZE OF SUCH PARTICIPANT'S
8 OWNERSHIP INTEREST. THE TOTAL OF THE ALLOCATED CREDITS AMONG ALL SUCH
9 PARTICIPANTS MAY NOT EXCEED THE AMOUNT OF THE CREDIT APPROVED BY THE
10 ARIZONA DEPARTMENT OF HOUSING. THIS PARAGRAPH DOES NOT PROHIBIT A PARTNER
11 OR MEMBER, AS DEFINED IN TITLE 29, OR SHAREHOLDER FROM HOLDING AN
12 INVESTMENT EXCLUSIVELY IN EITHER THE STATE CREDITS OR FEDERAL CREDITS
13 ALLOCATED TO THE QUALIFIED PROJECT.

14 B. TO CLAIM THE CREDIT UNDER THIS SECTION, THE TAXPAYER MUST SUBMIT
15 THE ELIGIBILITY STATEMENT PROVIDED BY THE ARIZONA DEPARTMENT OF HOUSING
16 UNDER SECTION 41-3954 TO THE DEPARTMENT OF REVENUE WITH THE TAXPAYER'S
17 INCOME TAX RETURN. A CREDIT UNDER THIS SECTION IS NOT ALLOWED UNTIL THE
18 TAXPAYER FURNISHES THE REQUIRED DOCUMENTATION.

19 C. IF THE AMOUNT OF THE CREDIT FOR A TAXABLE YEAR EXCEEDS THE
20 AMOUNT OF TAXES OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME,
21 OR IF THERE ARE NO TAXES DUE UNDER THIS TITLE, THE TAXPAYER MAY CARRY THE
22 AMOUNT OF THE CLAIM NOT USED TO OFFSET THE TAXES UNDER THIS TITLE FORWARD
23 FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE YEARS' INCOME TAX LIABILITY.

24 D. IF ALL OR PART OF THE FEDERAL LOW-INCOME HOUSING TAX CREDIT WITH
25 RESPECT TO THE QUALIFIED PROJECT IS SUBJECT TO RECAPTURE UNDER SECTION 42
26 OF THE INTERNAL REVENUE CODE DURING THE FIRST TEN TAXABLE YEARS AFTER THE
27 PROJECT IS PLACED IN SERVICE, THE CREDIT UNDER THIS SECTION IS ALSO
28 SUBJECT TO RECAPTURE IN A PROPORTIONAL AMOUNT FROM ALL TAXPAYERS WHO
29 CLAIMED THE CREDIT. THE RECAPTURE IS CALCULATED BY INCREASING THE AMOUNT
30 OF TAXES IMPOSED IN THE FOLLOWING YEAR BY THE AMOUNT RECAPTURED.

31 E. THE DEPARTMENT OF REVENUE, WITH THE COOPERATION OF THE
32 DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS AND THE ARIZONA
33 DEPARTMENT OF HOUSING, SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS
34 AND PROCEDURES AS NECESSARY TO ADMINISTER THIS SECTION.

35 Sec. 7. Title 43, chapter 11, article 6, Arizona Revised Statutes,
36 is amended by adding section 43-1163, to read:

37 43-1163. Affordable housing tax credit

38 A. A TAXPAYER IS ALLOWED A CREDIT AGAINST THE TAXES IMPOSED BY THIS
39 TITLE IF THE ARIZONA DEPARTMENT OF HOUSING ISSUES AN ELIGIBILITY STATEMENT
40 FOR A QUALIFIED PROJECT PURSUANT TO SECTION 41-3954. THE AMOUNT OF THE
41 CREDIT:

42 1. IS EQUAL TO AT LEAST FIFTY PERCENT OF THE AMOUNT OF THE FEDERAL
43 LOW-INCOME HOUSING CREDIT FOR THE QUALIFIED PROJECT.

44 2. ON NOTICE TO THE DEPARTMENT OF REVENUE, MAY BE ALLOCATED AMONG
45 THE PARTNERS OR MEMBERS, AS DEFINED IN TITLE 29, OR SHAREHOLDERS, AS THEY

1 MAY AGREE AMONG THEMSELVES REGARDLESS OF THE SIZE OF SUCH PARTICIPANT'S
2 OWNERSHIP INTEREST. THE TOTAL OF THE ALLOCATED CREDITS AMONG ALL SUCH
3 PARTICIPANTS MAY NOT EXCEED THE AMOUNT OF THE CREDIT APPROVED BY THE
4 ARIZONA DEPARTMENT OF HOUSING. THIS PARAGRAPH DOES NOT PROHIBIT A PARTNER
5 OR MEMBER, AS DEFINED IN TITLE 29, OR SHAREHOLDER FROM HOLDING AN
6 INVESTMENT EXCLUSIVELY IN EITHER THE STATE CREDITS OR FEDERAL CREDITS
7 ALLOCATED TO THE QUALIFIED PROJECT.

8 B. TO CLAIM THE CREDIT UNDER THIS SECTION, THE TAXPAYER MUST SUBMIT
9 THE ELIGIBILITY STATEMENT PROVIDED BY THE ARIZONA DEPARTMENT OF HOUSING
10 UNDER SECTION 41-3954 TO THE DEPARTMENT OF REVENUE WITH THE TAXPAYER'S
11 INCOME TAX RETURN. A CREDIT UNDER THIS SECTION IS NOT ALLOWED UNTIL THE
12 TAXPAYER FURNISHES THE REQUIRED DOCUMENTATION.

13 C. IF THE AMOUNT OF THE CREDIT FOR A TAXABLE YEAR EXCEEDS THE
14 AMOUNT OF TAXES OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME,
15 OR IF THERE ARE NO TAXES DUE UNDER THIS TITLE, THE TAXPAYER MAY CARRY THE
16 AMOUNT OF THE CLAIM NOT USED TO OFFSET THE TAXES UNDER THIS TITLE FORWARD
17 FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE YEARS' INCOME TAX LIABILITY.

18 D. IF ALL OR PART OF THE FEDERAL LOW-INCOME HOUSING TAX CREDIT WITH
19 RESPECT TO THE QUALIFIED PROJECT IS SUBJECT TO RECAPTURE UNDER SECTION 42
20 OF THE INTERNAL REVENUE CODE DURING THE FIRST TEN TAXABLE YEARS AFTER THE
21 PROJECT IS PLACED IN SERVICE, THE CREDIT UNDER THIS SECTION IS ALSO
22 SUBJECT TO RECAPTURE IN A PROPORTIONAL AMOUNT FROM ALL TAXPAYERS THAT
23 CLAIMED THE CREDIT. THE RECAPTURE IS CALCULATED BY INCREASING THE AMOUNT
24 OF TAXES IMPOSED IN THE FOLLOWING YEAR BY THE AMOUNT RECAPTURED.

25 E. THE DEPARTMENT OF REVENUE, WITH THE COOPERATION OF THE
26 DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS AND THE ARIZONA
27 DEPARTMENT OF HOUSING, SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS
28 AND PROCEDURES AS NECESSARY TO ADMINISTER THIS SECTION.

29 Sec. 8. Section 44-313, Arizona Revised Statutes, is amended to
30 read:

31 44-313. Deposit of monies

32 A. Except as otherwise provided in this section or section 44-314,
33 the department shall deposit, pursuant to sections 35-146 and 35-147, in
34 the state general fund all monies received pursuant to this chapter,
35 including the proceeds from the sale of abandoned property pursuant to
36 section 44-312, except that:

37 1. EXCEPT AS PROVIDED IN PARAGRAPH 3 OF THIS SUBSECTION, the first
38 two million dollars of the monies shall be deposited each fiscal year in
39 the seriously mentally ill housing trust fund established by section
40 41-3955.01.

41 ~~2. The second two million five hundred thousand dollars of the~~
42 ~~monies shall be deposited in the housing trust fund established by section~~
43 ~~41-3955.~~

44 ~~3.~~ 2. EXCEPT AS PROVIDED IN PARAGRAPH 3 OF THIS SUBSECTION, the
45 next twenty-four million five hundred thousand dollars of the monies shall

1 be deposited each fiscal year in the department of revenue administrative
2 fund established by section 42-1116.01.

3 3. FIFTY-FIVE PERCENT OF THE PROCEEDS FROM THE SALE OF ABANDONED
4 PROPERTY PURSUANT TO SECTION 44-312 SHALL BE DEPOSITED IN THE HOUSING
5 TRUST FUND ESTABLISHED BY SECTION 41-3955.

6 B. The department shall deposit monies from unclaimed shares and
7 dividends of any corporation incorporated under the laws of this state in
8 the permanent state school fund pursuant to article XI, section 8,
9 Constitution of Arizona.

10 C. The department shall deposit monies from unclaimed victim
11 restitution payments in the victim compensation and assistance fund
12 established by section 41-2407 for the purpose of establishing,
13 maintaining and supporting programs that compensate and assist victims of
14 crime.

15 D. The department shall retain in a separate trust fund at least
16 one hundred thousand dollars from which the department shall pay claims.

17 E. Before making the deposit, the department shall record the name
18 and last known address of each person who appears from the holders'
19 reports to be entitled to the property and the name and last known address
20 of each insured person or annuitant and beneficiary. The department shall
21 also record the policy or contract number of each policy or contract of an
22 insurance company that is listed in the report, the name of the company
23 and the amount due. The department shall make the record available for
24 public inspection during reasonable business hours.

25 Sec. 9. Delayed repeal; saving clause

26 A. Sections 20-224.04, 41-3954, 43-225, 43-1075 and 43-1163,
27 Arizona Revised Statutes, as added by this act, are repealed from and
28 after December 31, 2027.

29 B. The repeal of sections 20-224.04, 41-3954, 43-225, 43-1075 and
30 43-1163, Arizona Revised Statutes, as added by this act, by subsection A
31 of this section does not:

32 1. Limit or impair the issuance of premium tax credits or income
33 tax credits for qualified projects that receive a reservation from the
34 Arizona department of housing pursuant to section 41-3954, Arizona Revised
35 Statutes, as added by this act, before December 31, 2027 or a taxpayer's
36 ability to redeem such tax credits in accordance with sections 20-224.04,
37 41-3954, 43-1075 and 43-1163, Arizona Revised Statutes, as added by this
38 act.

39 2. Affect any act done or right accruing or accrued, or any suit or
40 proceeding had or commenced in any civil cause of action before the
41 repeal. All rights and liabilities under such acts continue and may be
42 enforced in the same manner as allowed before the repeal.

1 Sec. 10. Purpose

2 Pursuant to section 43-223, Arizona Revised Statutes, the
3 legislature enacts sections 43-1075 and 43-1163, Arizona Revised Statutes,
4 as added by this act, to support the construction of new affordable
5 housing projects in this state.

6 Sec. 11. Effective date

7 Sections 20-224.04, 41-3954, 43-225, 43-1075 and 43-1163, Arizona
8 Revised Statutes, as added by this act, section 43-222, Arizona Revised
9 Statutes, as amended by this act, and sections 9 and 10 of this act are
10 effective from and after December 31, 2020.