

REFERENCE TITLE: individual income tax; rate adjustment

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

SB 1489

Introduced by
Senator Mesnard: Representative Roberts

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: JLBC
5 determination; annual growth limit estimates;
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. DETERMINE THE AMOUNT OF ONGOING STATE GENERAL FUND REVENUES
12 COLLECTED BY THIS STATE.

13 2. DETERMINE THE AMOUNT BY WHICH ONGOING STATE GENERAL FUND
14 REVENUES EXCEED THE GROWN LIMIT.

15 3. MULTIPLY THE AMOUNT DETERMINED PURSUANT TO PARAGRAPH 2 OF THIS
16 SUBSECTION BY FIFTY PERCENT.

17 B. JOINT LEGISLATIVE BUDGET COMMITTEE STAFF SHALL PROVIDE AN ANNUAL
18 ESTIMATE OF THE GROWTH LIMIT AND THE LIKELIHOOD OF ONGOING STATE GENERAL
19 FUND REVENUES EXCEEDING THE GROWTH LIMIT BASED ON THE MOST RECENT
20 AVAILABLE DATA.

21 C. FOR THE PURPOSES OF THIS SECTION:

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

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

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

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

35 43-1011. Taxes and tax rates

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

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

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

If taxable income is:

The tax is:

\$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:

If taxable income is:

The tax is:

\$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:

If taxable income is:

The tax is:

\$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:

If taxable income is:

The tax is:

\$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

\$50,001 - \$150,000

\$1,617, plus 4.48% of the excess over \$50,000

\$150,001 and over

\$6,097, plus 4.79% 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:

If taxable income is:

The tax is:

\$0 - \$20,000

2.73% of taxable income

\$20,001 - \$50,000

\$546, plus 3.04% of the excess over \$20,000

\$50,001 - \$100,000

\$1,458, plus 3.55% of the excess over \$50,000

\$100,001 - \$300,000

\$3,233, plus 4.48% of the excess over \$100,000

\$300,001 and over

\$12,193, plus 4.79% of the excess over \$300,000

5. Subject to subsections B and C of this section, for taxable years beginning from and after December 31, 2006 through December 31, 2018:

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

If taxable income is:

The tax is:

\$0 - \$10,000

2.59% of taxable income

\$10,001 - \$25,000

\$259, plus 2.88% of the excess over \$10,000

\$25,001 - \$50,000

\$691, plus 3.36% of the excess over \$25,000

\$50,001 - \$150,000

\$1,531, plus 4.24% of the excess over \$50,000

\$150,001 and over

\$5,771, plus 4.54% 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:

If taxable income is:

The tax is:

\$0 - \$20,000

2.59% of taxable income

\$20,001 - \$50,000

\$518, plus 2.88% of the excess over \$20,000

\$50,001 - \$100,000

\$1,382, plus 3.36% of the excess over \$50,000

\$100,001 - \$300,000

\$3,062, plus 4.24% of the excess over \$100,000

\$300,001 and over

\$11,542, plus 4.54% of the excess over \$300,000

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

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

<u>if taxable income is:</u>	<u>the tax is:</u>
5 \$0 - \$26,500	2.59% of taxable income
6 \$26,501 - \$53,000	\$686, plus 3.34% of the amount 7 over \$26,500
8 \$53,001 - \$159,000	\$1,571, plus 4.17% of the 9 amount over \$53,000
10 \$159,001 and over	\$5,991, plus 4.50% of the amount 11 over \$159,000

12
 13 (b) In the case of a married couple filing a joint return or a
 14 single person who is a head of a household:

<u>if taxable income is:</u>	<u>the tax is:</u>
15 \$0 - \$53,000	2.59% of taxable income
16 \$53,001 - \$106,000	\$1,373, plus 3.34% of the amount 17 over \$53,000
18 \$106,001 - \$318,000	\$3,143, plus 4.17% of the amount 19 over \$106,000
20 \$318,001 and over	\$11,983, plus 4.50% of the 21 amount over \$318,000

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

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

41 D. For each taxable year beginning from and after December 31,
 42 2019, the department shall adjust the income dollar amount for each rate
 43 bracket prescribed by subsection A, paragraph 6 of this section according
 44 to the average annual change in the metropolitan Phoenix consumer price
 45 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 FISCAL YEAR BEGINNING FROM AND AFTER JUNE 30, 2020, THE
5 DEPARTMENT SHALL REDUCE FOR THE NEXT TAXABLE YEAR EACH RATE PRESCRIBED BY
6 SUBSECTION A, PARAGRAPH 6 OF THIS SECTION BY AN EQUAL PERCENTAGE SUCH THAT
7 THE TOTAL AMOUNT OF THE RATE REDUCTION IS EQUAL TO THE AMOUNT CALCULATED
8 PURSUANT TO SECTION 41-1275, SUBSECTION A, PARAGRAPH 3. IF THE AMOUNT
9 CALCULATED PURSUANT TO SECTION 41-1275, SUBSECTION A, PARAGRAPH 3 IS EQUAL
10 TO OR LESS THAN ZERO, THE RATES PRESCRIBED BY SUBSECTION A, PARAGRAPH 6 OF
11 THIS SECTION AS REDUCED PURSUANT TO THIS SUBSECTION SHALL BE THE SAME AS
12 THE RATES FOR THE IMMEDIATELY PRECEDING TAXABLE YEAR.

13 Sec. 3. Applicability

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