

REFERENCE TITLE: **state income tax; phase-out**

State of Arizona
Senate
Fifty-fifth Legislature
First Regular Session
2021

SCR 1040

Introduced by
Senators Petersen: Livingston

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 Senate of the State of Arizona, the House of
2 Representatives 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 43-1011, ARIZONA REVISED STATUTES; RELATING
9 TO INDIVIDUAL INCOME TAX.

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

11 Section 1. Section 43-1011, Arizona Revised Statutes,
12 is amended to read:

13 43-1011. Taxes and tax rates

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

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

21 (a) In the case of a single person or a married
22 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

33 (b) In the case of a married couple filing a joint
34 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

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

3 (a) In the case of a single person or a married
4 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

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:

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

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

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

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 - \$10,000	2.87% of taxable income
\$10,001 - \$25,000	\$287, plus 3.20% of the excess over \$10,000
\$25,001 - \$50,000	\$767, plus 3.74% of the excess over \$25,000
\$50,001 - \$150,000	\$1,702, plus 4.72% of the excess over \$50,000
\$150,001 and over	\$6,422, plus 5.04% 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	2.87% of taxable income
\$20,001 - \$50,000	\$574, plus 3.20% of the excess over \$20,000
\$50,001 - \$100,000	\$1,534, plus 3.74% of the excess over \$50,000
\$100,001 - \$300,000	\$3,404, plus 4.72% of the excess over \$100,000
\$300,001 and over	\$12,844, plus 5.04% of the excess over \$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:

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

<u>If taxable income is:</u>	<u>The tax is:</u>
\$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:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$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:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$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

6. Subject to subsection D of this section, for taxable years beginning from and after December 31, 2018 **THROUGH DECEMBER 31, 2022:**

(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

9. SUBJECT TO SUBSECTION D OF THIS SECTION, FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024 THROUGH DECEMBER 31, 2025:

(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	1.81% OF TAXABLE INCOME
\$26,501 - \$53,000	\$480, PLUS 2.34% OF THE AMOUNT OVER \$26,500
\$53,001 - \$159,000	\$1,100, PLUS 2.92% OF THE AMOUNT OVER \$53,000
\$159,001 AND OVER	\$4,195, PLUS 3.15% 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	1.81% OF TAXABLE INCOME
\$53,001 - \$106,000	\$959, PLUS 2.34% OF THE AMOUNT OVER \$53,000
\$106,001 - \$318,000	\$2,199, PLUS 2.92% OF THE AMOUNT OVER \$106,000
\$318,001 AND OVER	\$8,390, PLUS 3.15% OF THE AMOUNT OVER \$318,000

10. SUBJECT TO SUBSECTION D OF THIS SECTION, FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2025 THROUGH DECEMBER 31, 2026:

(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	1.55% OF TAXABLE INCOME
\$26,501 - \$53,000	\$411, PLUS 2% OF THE AMOUNT OVER \$26,500
\$53,001 - \$159,000	\$941, PLUS 2.5% OF THE AMOUNT OVER \$53,000

\$159,001 AND OVER	\$3,591, PLUS 2.7% OF THE AMOUNT OVER \$159,000
<p>(b) IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD:</p>	
<u>IF TAXABLE INCOME IS:</u>	<u>THE TAX IS:</u>
\$0 - \$53,000	1.55% OF TAXABLE INCOME
\$53,001 - \$106,000	\$822, PLUS 2% OF THE AMOUNT OVER \$53,000
\$106,001 - \$318,000	\$1,881, PLUS 2.5% OF THE AMOUNT OVER \$106,000
\$318,001 AND OVER	\$7,181, PLUS 2.7% OF THE AMOUNT OVER \$318,000
<p>11. SUBJECT TO SUBSECTION D OF THIS SECTION, FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2026 THROUGH DECEMBER 31, 2027:</p>	
<p>(a) IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING SEPARATELY:</p>	
<u>IF TAXABLE INCOME IS:</u>	<u>THE TAX IS:</u>
\$0 - \$26,500	1.3% OF TAXABLE INCOME
\$26,501 - \$53,000	\$345, PLUS 1.67% OF THE AMOUNT OVER \$26,500
\$53,001 - \$159,000	\$787, PLUS 2.09% OF THE AMOUNT OVER \$53,000
\$159,001 AND OVER	\$3,002, PLUS 2.25% OF THE AMOUNT OVER \$159,000
<p>(b) IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD:</p>	
<u>IF TAXABLE INCOME IS:</u>	<u>THE TAX IS:</u>
\$0 - \$53,000	1.3% OF TAXABLE INCOME
\$53,001 - \$106,000	\$689, PLUS 1.67% OF THE AMOUNT OVER \$53,000
\$106,001 - \$318,000	\$1,574, PLUS 2.09% OF THE AMOUNT OVER \$106,000
\$318,001 AND OVER	\$6,005, PLUS 2.25% OF THE AMOUNT OVER \$318,000
<p>12. SUBJECT TO SUBSECTION D OF THIS SECTION, FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2027 THROUGH DECEMBER 31, 2028:</p>	
<p>(a) IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING SEPARATELY:</p>	
<u>IF TAXABLE INCOME IS:</u>	<u>THE TAX IS:</u>
\$0 - \$26,500	1.04% OF TAXABLE INCOME
\$26,501 - \$53,000	\$276, PLUS 1.34% OF THE AMOUNT OVER \$26,500
\$53,001 - \$159,000	\$631, PLUS 1.67% OF THE AMOUNT OVER \$53,000

\$159,001 AND OVER	\$2,401, PLUS 1.8% 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	1.04% OF TAXABLE INCOME
\$53,001 - \$106,000	\$551, PLUS 1.34% OF THE AMOUNT OVER \$53,000
\$106,001 - \$318,000	\$1,261, PLUS 1.67% OF THE AMOUNT OVER \$106,000
\$318,001 AND OVER	\$4,802, PLUS 1.8% OF THE AMOUNT OVER \$318,000
13. SUBJECT TO SUBSECTION D OF THIS SECTION, FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2028 THROUGH DECEMBER 31, 2029:	
(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	.78% OF TAXABLE INCOME
\$26,501 - \$53,000	\$207, PLUS 1% OF THE AMOUNT OVER \$26,500
\$53,001 - \$159,000	\$472, PLUS 1.25% OF THE AMOUNT OVER \$53,000
\$159,001 AND OVER	\$1,797, PLUS 1.35% 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	.78% OF TAXABLE INCOME
\$53,001 - \$106,000	\$413, PLUS 1% OF THE AMOUNT OVER \$53,000
\$106,001 - \$318,000	\$943, PLUS 1.25% OF THE AMOUNT OVER \$106,000
\$318,001 AND OVER	\$3,593, PLUS 1.35% OF THE AMOUNT OVER \$318,000
14. SUBJECT TO SUBSECTION D OF THIS SECTION, FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2029 THROUGH DECEMBER 2030:	
(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	.52% OF TAXABLE INCOME
\$26,501 - \$53,000	\$138, PLUS .67% OF THE AMOUNT OVER \$26,500

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

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

23 D. For each taxable year beginning from and after
24 December 31, 2019 **THROUGH DECEMBER 31, 2031**, the department
25 shall adjust the income dollar amount for each rate bracket
26 prescribed by subsection A, paragraph 6 of this section
27 according to the average annual change in the metropolitan
28 Phoenix consumer price index published by the United States
29 department of labor, bureau of labor statistics. The revised
30 dollar amounts shall be raised to the nearest whole dollar.
31 The income dollar amounts for each rate bracket may not be
32 revised below the amounts prescribed in the prior taxable
33 year.

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