

Senate Engrossed

tax credit; affordable housing

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

# SENATE BILL 1327

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 SECTION 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; REPEALING SECTIONS 20-224.04, 41-3954, 43-225, 43-1075 AND 43-1163, ARIZONA REVISED STATUTES; RELATING TO INSURANCE PREMIUM AND INCOME TAX CREDITS.

(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, MEMBERS OR  
13 SHAREHOLDERS, AS THEY MAY AGREE AMONG THEMSELVES, REGARDLESS OF THE SIZE  
14 OF SUCH PARTICIPANT'S OWNERSHIP INTEREST. THE TOTAL OF THE ALLOCATED  
15 CREDITS AMONG ALL SUCH PARTICIPANTS MAY NOT EXCEED THE AMOUNT OF THE  
16 CREDIT APPROVED BY THE ARIZONA DEPARTMENT OF HOUSING. THIS PARAGRAPH DOES  
17 NOT PROHIBIT A PARTNER, MEMBER OR SHAREHOLDER FROM HOLDING AN INVESTMENT  
18 EXCLUSIVELY IN EITHER THE STATE CREDITS OR FEDERAL CREDITS ALLOCATED TO  
19 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, 2022, 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, 2021 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 43-222, Arizona Revised Statutes, is amended to  
20 read:

21 43-222. Income tax credit review schedule

22 The joint legislative income tax credit review committee shall  
23 review the following income tax credits:

24 1. For years ending in 0 and 5, sections 43-1079.01, 43-1087,  
25 43-1088, 43-1089.04, 43-1167.01 and 43-1175.

26 2. For years ending in 1 and 6, sections 43-1072.02, 43-1074.02,  
27 43-1075, 43-1083, 43-1083.02, 43-1163, 43-1164.03 and 43-1183.

28 3. For years ending in 2 and 7, sections 43-1073, 43-1085, 43-1086,  
29 43-1089, 43-1089.01, 43-1089.02, 43-1089.03, 43-1164 and 43-1169.

30 4. For years ending in 3 and 8, sections 43-1074.01, 43-1081,  
31 43-1168, 43-1170 and 43-1178.

32 5. For years ending in 4 and 9, sections 43-1073.01, 43-1076,  
33 43-1081.01, 43-1083.03, 43-1084, 43-1164.04, 43-1164.05, and 43-1184.

34 Sec. 4. Title 43, chapter 2, article 2, Arizona Revised Statutes,  
35 is amended by adding section 43-225, to read:

36 43-225. Affordable housing tax credit review committee:  
37 reports; committee termination

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

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

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

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

4           B. APPOINTED MEMBERS SERVE AT THE PLEASURE OF THE PERSON WHO MADE  
5 THE APPOINTMENT.

6           C. COMMITTEE MEMBERS ARE NOT ELIGIBLE TO RECEIVE COMPENSATION BUT  
7 ARE ELIGIBLE TO RECEIVE REIMBURSEMENT FOR EXPENSES PURSUANT TO TITLE 38,  
8 CHAPTER 4, ARTICLE 2.

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

13           1. THE HISTORY, RATIONALE AND ESTIMATED REVENUE IMPACT OF THE  
14 CREDIT.

15           2. WHETHER THE CREDIT HAS PROVIDED A BENEFIT TO THIS STATE THAT  
16 INCLUDES, FOR CORPORATE TAX CREDITS, MEASURABLE ECONOMIC DEVELOPMENT, NEW  
17 INVESTMENTS, CREATION OF NEW JOBS OR RETENTION OF EXISTING JOBS IN THIS  
18 STATE.

19           3. WHETHER THE CREDIT IS UNNECESSARILY COMPLEX IN THE APPLICATION,  
20 ADMINISTRATION AND APPROVAL PROCESSES.

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

23           E. ON OR BEFORE DECEMBER 15 OF THE YEAR THE COMMITTEE REVIEWS THE  
24 CREDIT, THE COMMITTEE SHALL REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE  
25 PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND  
26 THE GOVERNOR AND SHALL PROVIDE A COPY OF THE REPORT TO THE SECRETARY OF  
27 STATE.

28           F. THE COMMITTEE ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2029  
29 PURSUANT TO SECTION 41-3103.

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

32           43-1075. Affordable housing tax credit

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

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

39           2. ON NOTICE TO THE DEPARTMENT OF REVENUE, MAY BE ALLOCATED AMONG  
40 THE PARTNERS, MEMBERS OR SHAREHOLDERS, AS THEY MAY AGREE AMONG THEMSELVES  
41 REGARDLESS OF THE SIZE OF SUCH PARTICIPANT'S OWNERSHIP INTEREST. THE  
42 TOTAL OF THE ALLOCATED CREDITS AMONG ALL SUCH PARTICIPANTS MAY NOT EXCEED  
43 THE AMOUNT OF THE CREDIT APPROVED BY THE ARIZONA DEPARTMENT OF  
44 HOUSING. THIS PARAGRAPH DOES NOT PROHIBIT A PARTNER, MEMBER OR

1 SHAREHOLDER FROM HOLDING AN INVESTMENT EXCLUSIVELY IN EITHER THE STATE  
2 CREDITS OR FEDERAL CREDITS ALLOCATED TO THE QUALIFIED PROJECT.

3 B. TO CLAIM THE CREDIT UNDER THIS SECTION, THE TAXPAYER MUST SUBMIT  
4 THE ELIGIBILITY STATEMENT PROVIDED BY THE ARIZONA DEPARTMENT OF HOUSING  
5 UNDER SECTION 41-3954 TO THE DEPARTMENT OF REVENUE WITH THE TAXPAYER'S  
6 INCOME TAX RETURN. A CREDIT UNDER THIS SECTION IS NOT ALLOWED UNTIL THE  
7 TAXPAYER FURNISHES THE REQUIRED DOCUMENTATION.

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

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

20 E. THE DEPARTMENT OF REVENUE, WITH THE COOPERATION OF THE  
21 DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS AND THE ARIZONA  
22 DEPARTMENT OF HOUSING, SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS  
23 AND PROCEDURES AS NECESSARY TO ADMINISTER THIS SECTION.

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

26 43-1163. Affordable housing tax credit

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

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

33 2. ON NOTICE TO THE DEPARTMENT OF REVENUE, MAY BE ALLOCATED AMONG  
34 THE PARTNERS, MEMBERS OR SHAREHOLDERS, AS THEY MAY AGREE AMONG THEMSELVES  
35 REGARDLESS OF THE SIZE OF SUCH PARTICIPANT'S OWNERSHIP INTEREST. THE  
36 TOTAL OF THE ALLOCATED CREDITS AMONG ALL SUCH PARTICIPANTS MAY NOT EXCEED  
37 THE AMOUNT OF THE CREDIT APPROVED BY THE ARIZONA DEPARTMENT OF HOUSING.  
38 THIS PARAGRAPH DOES NOT PROHIBIT A PARTNER, MEMBER OR SHAREHOLDER FROM  
39 HOLDING AN INVESTMENT EXCLUSIVELY IN EITHER THE STATE CREDITS OR FEDERAL  
40 CREDITS ALLOCATED TO THE QUALIFIED PROJECT.

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

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

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

13 E. THE DEPARTMENT OF REVENUE, WITH THE COOPERATION OF THE  
14 DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS AND THE ARIZONA  
15 DEPARTMENT OF HOUSING, SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS  
16 AND PROCEDURES AS NECESSARY TO ADMINISTER THIS SECTION.

17 Sec. 7. Delayed repeal; saving clause

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

21 B. The repeal of sections 20-224.04, 41-3954, 43-225, 43-1075 and  
22 43-1163, Arizona Revised Statutes, as added by this act, by subsection A  
23 of this section does not:

24 1. Limit or impair the issuance of premium tax credits or income  
25 tax credits for qualified projects that receive a reservation from the  
26 Arizona department of housing pursuant to section 41-3954, Arizona Revised  
27 Statutes, as added by this act, before December 31, 2027 or a taxpayer's  
28 ability to redeem such tax credits in accordance with sections 20-224.04,  
29 41-3954, 43-1075 and 43-1163, Arizona Revised Statutes, as added by this  
30 act.

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

35 Sec. 8. Implementation and administration

36 The Arizona department of housing shall implement and administer  
37 section 41-3954, Arizona Revised Statutes, as added by this act, for  
38 Arizona's 2022 qualified allocation plan for the low-income housing tax  
39 credit and for future qualified allocation plans for the low-income  
40 housing tax credits authorized by this act.

41 Sec. 9. Purpose

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