

REVISED

ARIZONA STATE SENATE
RESEARCH STAFF



TO: MEMBERS OF THE SENATE
FINANCE COMMITTEE

DATE: February 10, 2021

SUBJECT: Strike everything amendment to S.B. 1252, relating to corporate income tax; subtraction

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Purpose

Requires, for taxable years beginning January 1, 2022, a corporation's first \$100,000 of Arizona gross income to be subtracted from Arizona gross income when computing a corporation's Arizona taxable income.

Background

The corporate income tax is levied on corporations that engage in business within Arizona. Arizona gross income for a corporation is the same as the corporation's federal taxable income for the taxable year. Current statute authorizes various amounts to be added or subtracted when computing a corporation's Arizona taxable income (A.R.S. §§ [43-1101](#); [43-1121](#); and [43-1122](#)).

The strike-everything amendment to S.B. 1252 requires a corporation to subtract the first \$100,000 of Arizona gross income when computing the corporation's Arizona taxable income which may lead to a fiscal impact to the state General Fund.

Provisions

1. Requires, for taxable years beginning January 1, 2022, a corporation's first \$100,000 of Arizona gross income to be subtracted from Arizona gross income when computing a corporation's Arizona taxable income.
2. Becomes effective on the general effective date.

Revisions

- Corrects the date in the provisions.