



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

FACT SHEET FOR S.B. 1828

omnibus; taxation

Purpose

Establishes new individual income tax brackets for TY 2022 and replaces, for TYs beginning January 1, 2023, the graduated income tax rate structure with a flat tax rate of 2.5 percent, subject to a combined tax rate cap of 4.5 percent. Allocates 15 percent of the total FY 2022 reduction in state income tax proceeds that results from the combined tax rate cap to the Urban Revenue Sharing Fund in FY 2024. Establishes the Revenue Sharing Stabilization Fund and prescribes the distribution calculation for payments to cities and towns in FYs 2026 and 2027. Increases the maximum weekly unemployment benefit amount (WBA), the amount an individual may earn with no reduction to their WBA (income disregard) and the state unemployment tax taxable wage limit, conditional on certain factors being met. Reduces the percentage of assessed valuation of class 1 property. Establishes various tax credits and modifies existing tax credits.

Background

Individual Income Tax

Individual income tax is levied on Arizona residents' taxable income and uses a graduated rate structure, based on the taxpayer's income level. The current tax brackets are as follows:

Single or Married Filing Separately		Married Couple or Head of Household	
Taxable Income	Tax	Taxable Income	Tax
\$0 - \$26,500	2.59% of taxable income	\$0 - \$53,000	2.59% of taxable income
\$26,501 - \$53,000	\$686, plus 3.34% of the amount over \$26,500	\$53,001 - \$106,000	\$1,373, plus 3.34% of the amount over \$53,000
\$53,001 - \$159,000	\$1,571, plus 4.17% of the amount over \$53,000	\$106,001 - \$318,000	\$3,143, plus 4.17% of the amount over \$106,000
\$159,001 and over	\$5,991, plus 4.5% of the amount over \$159,000	\$318,001 and over	\$11,983, plus 4.5% of the amount over \$318,000

On November 3, 2020, Proposition 208 was approved by Arizona voters which imposed an income tax surcharge for public education at a rate of 3.5 percent on taxable income in excess of: 1) \$250,000 for a single person or a married person filing separately; or 2) \$500,000 for a married couple filing a joint return or a single person who is a head of household ([A.R.S. § 43-1013](#)).

Urban Revenue Sharing

A monthly entitlement is distributed from the Urban Revenue Sharing Fund (URS Fund) to incorporated cities and towns within Arizona. The monthly amount is one twelfth of the city or town's annual entitlement which is 15 percent of the net state individual and corporate income tax revenue from two FYs prior divided between cities and towns based on the city or town's most recent population estimates made by the U.S. Census Bureau (A.R.S. §§ [42-5033.01](#) and [43-206](#)).

Unemployment Insurance (UI)

The federally-established UI Benefit Program, which is administered by the Department of Economic Security (DES), provides unemployment benefits to persons unemployed through no fault of their own for up to 26 weeks. Subject to a cap of \$240, the weekly WBA of an eligible unemployed individual is equal to one-twenty-fifth of their highest quarter earnings during the first four quarters of the most recently completed five quarters. An unemployed individual may earn up to \$30 in a week for less than full-time work with no reduction to their WBA. Earnings in excess of the \$30 income disregard are subtracted from the individual's WBA.

UI benefit payments are paid from Arizona's Unemployment Insurance Trust Fund which is financed by a tax that employers pay on the first \$7,000 of wages paid to each employee in a calendar year (CY) ([A.R.S. Title 23, Chapter 4](#)).

Assessed Valuation of Class 1 Property

Class 1 property consists of properties of mining, telecommunication companies, utilities, standing timber, airport fuel delivery, oil and gas production, pipelines, shopping centers, golf courses and most other commercial uses ([A.R.S. § 42-12001](#)). The assessed valuation of class 1 property is currently 18 percent of its full cash value or limited valuation, as applicable ([A.R.S. § 42-15001](#)).

Dependent Tax Credit

[Laws 2019, Chapter 273](#) established a dependent tax credit for qualifying taxpayers as follows:

Less than \$200,000 for a single person, married filing separately or head of household, and less than \$400,000 for married filing jointly:	
\$100 for each dependent under 17 years old	\$25 for each dependent at least 17 years old
\$200,000 or more for a single person, married filing separately or head of household, and \$400,000 or more for married filing jointly:	
\$100 minus 5% for each \$1,000 by which the taxpayer's federal AGI (FAGI) exceeds the applicable threshold for each dependent under 17 years old	\$25 minus 5% for each \$1,000 by which the taxpayer's FAGI exceeds the applicable threshold for each dependent at least 17 years old

The Joint Legislative Budget Committee's FY 2022 budget analysis includes estimates on the provisions of S.B. 1828 ([JLBC Budget Bills As Introduced](#)).

Provisions***Individual Income Tax***

1. Establishes new individual income tax brackets for TY 2022:

Single or Married Filing Separately		Married Couple or Head of Household	
Taxable Income	Tax	Taxable Income	Tax
\$0 - \$27,272	2.55% of taxable income	\$0 - \$54,544	2.55% of taxable income
\$27,273 and over	\$695, plus 2.98% of the amount over \$27,273	\$54,545 and over	\$1,391, plus 2.98% of the amount over \$54,545

2. Replaces, for TYs beginning January 1, 2023, the graduated income tax rate structure with a flat tax rate of 2.5 percent of taxable income.
3. Prohibits, for TYs beginning January 1, 2021, and for taxable income subject to the income tax surcharge for public education, the combined tax rate of the income tax surcharge for public education and the highest individual income tax rate from exceeding 4.5 percent.
4. Requires, if the combined tax rate exceeds 4.5 percent, the highest individual income tax rate to be reduced so that the combined tax rate is 4.5 percent.
5. Requires, for TYs beginning January 1, 2021, the full amount of benefits, annuities and pensions received as retired or retainer pay of the uniformed services of the United States to be subtracted from an individual's Arizona gross income when computing Arizona AGI.
6. Requires ADOR, for TYs beginning January 1, 2022, to adjust the standard deduction increase of 25 percent of the charitable deductions that would have been allowed if the taxpayer had claimed itemized deductions, according to the average annual change in the metropolitan Phoenix CPI published by the U.S. Department of Labor, Bureau of Labor Statistics.
7. Requires the annually revised standard increase percentage to be raised to the nearest whole percent and prohibits the percentage from being revised below the amounts prescribed in the prior TY.
8. Prohibits the aggregate adjusted standard deduction increase percentage from exceeding 100 percent.
9. Specifies that the statutorily required estimated individual income tax payments only apply to individual's subject to the individual income tax.

URS Fund

10. Allocates, to the URS Fund in FY 2024, a positive amount equal to 15 percent of the total reduction in the net state income tax proceeds that results from the combined tax rate cap of 4.5 percent for FY 2022.

Revenue Sharing Stabilization Fund (RSS Fund)

11. Establishes the RSS Fund which consists of monies transferred by the State Treasurer from the state GF for the monthly entitlement of each city and town.

12. Requires ADOR, by September 1, 2025, to calculate the FY 2026 distributions from the RSS Fund for each city and town by:
 - a) determining the amount of state shared revenue received by the city or town in FY 2025;
 - b) determining the amount of state shared revenue received by the city or town in FY 2022;
 - c) subtracting the state shared revenue amount received in FY 2022 from the amount received in FY 2025.
13. Requires ADOR, by September 1, 2026, to calculate the FY 2027 distributions from the RSS Fund for each city and town by:
 - a) determining the amount of state shared revenue received by the city or town in FY 2026;
 - b) determining the amount of state shared revenue received by the city or town in FY 2022;
 - c) subtracting the state shared revenue amount received in FY 2022 from the amount received in FY 2026.
14. Directs ADOR to notify the State Treasurer of the total calculated entitlement for each city and town for FYs 2026 and 2027.
15. Directs the State Treasurer, by the 10th day of each month, to transmit the entitlement for each city and town from the RSS Fund in equal installments during the FY 2026 or 2027, as applicable.
16. Prohibits a city or town from receiving a distribution from the RSS Fund in FY 2026 or FY 2027 if the calculated distribution amount is negative.
17. Prohibits a city or town from receiving a distribution from the RSS Fund during an FY if the city or town has reduced the annual operating budget for a municipal police department by any amount below the previous FY's budget.
18. Directs the State Treasurer to transfer sufficient monies each month from the state GF to the RSS Fund for the required monthly entitlement payments of each city and town.
19. Defines *state shared revenue* as the monies received by a city or town as their portion of the transaction privilege tax (TPT) distribution base and the URS Fund monthly entitlement distribution.

UI Benefits

20. Increases the maximum UI WBA from \$240 to \$320 on July 1, 2022.
21. Increases, from \$7,000 to \$8,000, the annual state unemployment tax taxable wages limit beginning in CY 2023.
22. Increases the income disregard from \$30 to \$160.
23. Reduces, from 26 weeks to 24 weeks, the maximum number of weeks an individual may receive unemployment benefits when Arizona's unemployment rate is less than 5 percent in the prior calendar quarter.
24. Defines *unemployment rate in the prior calendar quarter* as the average of the seasonally adjusted unemployment rates for the three months of the most recently published calendar year quarter as published by the Office of Economic Opportunity.

25. Requires DES to ensure UI program integrity by:
- obtaining current and actual employment and earned income information in real time via verification services from external data sources, including third-party vendors, as part of the verification process to determine UI benefit eligibility;
 - verifying the identity of individuals by incorporating an identity verification process that may include digital and physical identity authentication factors using external data sources, including third-party vendors; and
 - minimizing erroneous communications to employers generated from fraudulent claim applications.
26. Requires DES, by December 31, to annually report UI fraud details for the previous fiscal year to the Governor, the President of the Senate (President) and the Speaker of the House of Representatives (Speaker), including:
- the number of fraudulent claims;
 - the total monies paid in fraudulent claims; and
 - the impact of fraud on employer contribution rates and experience ratings.
27. Conditions the enactment of the provisions relating to UI benefits on the following requirements being met on or after July 1, 2022:
- the unemployment rate in the prior calendar quarter is 5 percent or less; and
 - the average unemployment tax rate in Arizona for the next CY is 1.4 percent or less, as calculated by DES.
28. Requires the Director of DES to notify the Director of Legislative Council by December 31, 2027, of the date on which the conditions of enactment were met or that the conditions were not met.

Assessed Valuation of Class 1 Property

29. Reduces the percentage of assessed valuation of class 1 property to:
- 17.5 percent in CY 2022; and
 - 17 percent thereafter.

Homeowner's Property Tax Rebate

30. Increases, beginning January 1, 2022, the Homeowners Rebate percentage from 47.19 percent to 50 percent.

Dependent Tax Credit

31. Increases, for TYs beginning January 1, 2022, the dependent tax credit to:

Less than \$200,000 for a single person, married filing separately or head of household, and less than \$400,000 for married filing jointly	
\$150 for each dependent under 17 years old	\$75 for each dependent at least 17 years old
At least \$200,000 for a single person, married filing separately or head of household, and at least \$400,000 for married filing jointly	
\$150 minus 5% for each \$1,000 by which the taxpayer's FAGI exceeds the applicable threshold for each dependent under 17 years old	\$75 minus 5% for each \$1,000 by which the taxpayer's FAGI exceeds the applicable threshold for each dependent at least 17 years old

School Tuition Organizations

32. Increases, beginning in FY 2022 and retroactive to July 1, 2021, the aggregate dollar amount of the Credit for Contributions to STOs for Displaced or Disabled Students to \$6 million, from \$5 million.
33. Expands, retroactive to January 1, 2021, eligibility for educational scholarships and tuition grants awarded through the individual switcher STO credit or the corporate low-income STO credit by including a student who:
- a) is homeschooled before enrolling in a qualified school;
 - b) moved to Arizona from out of state before enrolling in a qualified school; or
 - c) participated in an Arizona Empowerment Scholarship Account (ESA) and did not renew the ESA or accept the scholarship in order to accept an STO scholarship or tuition grant.
34. Increases, retroactive to January 1, 2021, the corporate low-income STO scholarship or tuition grant cap amount to:
- a) \$5,600, from \$4,200, for students in a kindergarten program a preschool program that offers services to students with disabilities or grades 1 through 8; and
 - b) \$7,500, from \$6,900, for students in grades 9 through 12.
35. Increases, retroactive to January 1, 2021, the corporate low-income STO scholarship or tuition grant cap annual increase to \$200, rather than \$100.

Corporate Income Tax (Retroactive to January 1, 2018)

36. Requires, when computing a corporation's Arizona taxable income, the amount included in federal taxable income of the contribution in aid of construction and advance in aid of construction for water and wastewater utilities to be subtracted from Arizona gross income.

Public School Extracurricular Activity Fees Tax Credit

37. Extends, from June 30, 2022, to June 30, 2024, the date that the following fees or contributions paid by a taxpayer may be included in the amount of the Public School Extracurricular Activity Fees Tax Credit:
- a) the acquisition of outlined capital items;
 - b) community school meal programs;
 - c) student consumable health care supplies; and
 - d) playground equipment and shade structures for playground equipment.

Healthy Forest Production Tax Credit (Retroactive to January 1, 2021)

38. Allows a credit against individual and corporate income taxes, beginning in TY 2021, for processing qualifying forest products if the:
- a) taxpayer has a current Healthy Forest Enterprise Incentive certification and memorandum of understanding with the Arizona Commerce Authority;
 - b) taxpayer processes *qualifying forest products* from a *qualifying project* in CYs 2021 through 2030; and
 - c) facility that processes the *qualifying forest products* is located in Arizona.

39. Bases the credit on the number of tons of qualifying forest products that a taxpayer processes during a CY and requires a taxpayer who files individual or corporate income taxes on a fiscal-year-basis to claim the credit on the return for the TY in which the CY ends.
40. Specifies that the taxpayer is eligible for the credit in the CY in which the qualifying project processes qualifying forest products.
41. Allows a taxpayer to carry forward any amount of the credit in excess of the taxpayer's income taxes for up to five consecutive TYs' income tax liability.
42. Sets the amount of the credit per CY, subject to maximum credit limits, at:
 - a) \$10,000 for the first 20,000 tons of qualifying forest products the taxpayer processes; and
 - b) \$5,000 for every 10,000 tons thereafter.
43. Limits the amount of the credit for a CY at \$500,000 per taxpayer who processes qualifying forest products and prohibits ADOR from authorizing an excess of \$2 million for any CY.
44. Allows co-owners of a facility that processes qualifying forest products, including partners in a partnership and shareholders of an S corporation, to claim the pro rata share based on ownership interest and caps the total allowed to co-owners at the amount allowed for a sole owner.
45. Requires, in order to be eligible for the credit, a taxpayer to apply to ADOR on a standard ADOR-prescribed form for certification.
46. Directs ADOR to accept applications from January 2 through January 31 of the year following the CY for which the credit is requested.
47. Requires the credit application to include:
 - a) the taxpayer's name and address;
 - b) the taxpayer's social security number or federal employer identification number;
 - c) the location of the taxpayer's facility that processes qualifying forest products for which the credit is claimed;
 - d) the amount of the credit that is claimed;
 - e) the date the taxpayer began processing commercially marketable amounts of qualifying forest products; and
 - f) any additional information required by ADOR.
48. Directs ADOR to review each application and certify the authorized credit amount to the taxpayer.
49. Distributes the credits on a first-come, first-served basis.
50. Directs ADOR to add the name of a first-time qualifying applicant to a credit authorization list in the order in which qualified applications are first received and requires the taxpayer's position on the authorization list to be determined in the first year of application.

51. Requires a taxpayer's determined position on the credit authorization list to remain unchanged for the remainder of the credit eligibility timeframe or until a year in which the taxpayer fails to submit a timely application or otherwise is in noncompliance with application requirements.
52. Allows a taxpayer who is removed from the credit authorization list to establish a new position in a subsequent year by filing a timely qualified application.
53. Prohibits ADOR from authorizing any additional credits in excess of the \$2 million limit, even if certified amounts were unclaimed or a taxpayer fails to meet claim requirements.
54. Requires ADOR to grant only the remaining credit amount, if granting the full amount on the authorized application would cause the aggregate to exceed the \$2 million limit, and requires ADOR to deny subsequent applications received for that CY.
55. Requires ADOR to adopt rules and to publish and prescribe necessary forms and procedures to effectuate the credit.
56. Requires the Joint Legislative Income Tax Credit Review Committee to review the credit in CYs ending in one and six.
57. Defines *processed* or *processing* as any change in the physical structure of qualifying forest products removed from a qualifying project into a marketable commercial product or component of a product that has commercial value to a consumer or purchaser and that is ready to be used with or without further altering its form.
58. Defines *qualifying forest products* as qualifying forest products that satisfy the statutory definition for the Healthy Forest Incentives Program that are sourced within Arizona.
59. Defines *qualifying project* as a project that satisfies the statutory definition for the Healthy Forest Incentives Program.

Affordable Housing Tax Credits

60. Establishes the Affordable Housing Premium Tax Credit which is allowed against incurred premium tax if the Arizona Department of Housing (ADOH) issues an eligibility statement for a qualified project.
61. Establishes the individual and corporate Affordable Housing Tax Credit and requires ADOH to administer the credits.
62. Specifies that the taxpayer must furnish:
 - a) the required premium tax return for the Affordable Housing Premium Tax Credit to be authorized; or
 - b) the required income tax return for the individual or corporate Affordable Housing Tax Credit to be authorized.
63. Requires ADOH to issue an eligibility statement for each project that identifies the qualified project, the allocation year and the amount of the credits allocated to the project.

64. Sets the amount of the Affordable Housing Premium Tax Credit and the individual and corporate Affordable Housing Tax Credit equal to at least 50 percent of the amount of the LIHTC for the qualified project.
65. Allows, on notice to the Department of Insurance and Financial Institutions (DIFI), the Affordable Housing Premium Tax Credit to be allocated among the partners, members or shareholders as seen fit and prohibits the total of the allocated credits from exceeding the amount of the approved credit.
66. Allows, on notice to ADOR, the individual and corporate Affordable Housing Tax Credit to be allocated among the partners, members or shareholders as seen fit and prohibits the total of the allocated credits from exceeding the amount of the approved credit.
67. Specifies that a partner, member or shareholder is not prohibited from holding an investment exclusively in either the state credits or federal credits allocated to the qualified project.
68. Requires ADOH to allocate Affordable Housing Tax Credits for projects in Arizona that qualify for the federal Low-Income Housing Tax Credit (LIHTC) and that are placed in service, beginning July 1, 2022, in an amount equal to at least 50 percent of the amount of the federal credit allowed in each TY during the federal credit period.
69. Requires ADOH to allocate the Affordable Housing Tax Credit according to ADOH's current qualified allocation plan.
70. Requires ADOH to allocate a total of \$4 million for the Affordable Housing Tax Credit in any CY.
71. Specifies that an approved amount applies against the credit dollar limit for the year the application is submitted and any unused balance of the current CY cap must be reallocated for the credit in the following year.
72. Allows any taxpayer that owns an interest in an investment in a qualified project that receives an eligibility statement from ADOH, to claim an Affordable Housing Tax Credit for TYs beginning January 1, 2022, if the taxpayer acquires interest before filing a tax return claiming the credit.
73. Requires a taxpayer to apply the Affordable Housing Tax Credit against the taxpayer's insurance premium or income tax liability as provided by and subject to the statutorily prescribed procedures, terms and conditions.
74. Deems a qualified project that is approved for the Affordable Housing Tax Credit ineligible for any abatement, exemption or other reduction in state or local ad valorem property taxes.
75. Requires ADOH, by July 30, to annually hold a public hearing to solicit and accept public comments on the Affordable Housing Tax Credit to be used for qualified projects that are financed through tax-exempt bond issuance.
76. Requires ADOH to post a copy of all comments submitted during a public hearing on ADOH's website by September 15 of the year in which the hearing was held.

77. Requires ADOH, by December 31, to annually submit a report to the President and the Speaker that addresses whether the approved Affordable Housing Tax Credits produced a significant number of additional affordable housing units in Arizona and that analyzes the economic impacts of the credit.
78. Requires ADOH to provide a copy of the annual report to the Secretary of State.
79. Requires the taxpayer to submit an ADOH-provided eligibility statement to DIFI with the taxpayer's premium tax return in order to claim the Affordable Housing Premium Tax Credit.
80. Stipulates that if the amount of the Affordable Housing Premium Tax Credit exceeds the taxpayer's state premium tax liability, the excess amount may be carried forward for up to five consecutive TYs.
81. Subjects the Affordable Housing Premium Tax Credit to recapture in a proportional amount from all taxpayers that claimed the credit, if the LIHTC is subject to recapture under the U.S. Internal Revenue Code during the first 10 TYs after the project is placed in service.
82. Specifies that the recapture is calculated by increasing the amount of taxes imposed in the following year by the amount recaptured.
83. States that a taxpayer who claims a tax credit against state premium tax liability is not required to pay any additional retaliatory tax as a result of claiming the tax credit and allows the credit to fully offset any retaliatory tax imposed.
84. Requires DIFI, ADOH and ADOR, with the cooperation of one another, to adopt rules and publish and prescribe forms and procedures to administer the tax credits and requires ADOH to include criteria on which eligibility statements are issued.
85. Requires ADOH to prescribe forms, procedures and criteria for applying, evaluating and qualifying for the Affordable Housing Tax Credit.
86. Repeals the Affordable Housing Premium Tax Credit and the individual and corporate Affordable Housing Tax Credits on January 1, 2026.
87. Specifies that the repeal of the individual and corporate Affordable Housing Tax Credit and the Affordable Housing Premium Tax credit do not:
 - a) limit or impair the issuance of premium tax credits or income tax credits for qualified projects that receive a reservation from ADOH before December 31, 2025, or a taxpayer's ability to redeem a credit; or
 - b) affect any act done or right accruing or accrued or any suit or proceeding had or commenced in any civil cause of action before the repeal of the credits.
88. Requires ADOH to implement and administer the statutory requirements relating to the Affordable Housing Tax Credit for Arizona's 2022 Qualified Allocation Plan and for future Qualified Allocation Plans.

Affordable Housing Tax Credit Review Committee (Review Committee)

89. Establishes the nine-member Review Committee consisting of:
 - a) three members appointed by the Governor, no more than two of whom are from the same political party;
 - b) three members appointed by the President of the Senate, no more than two of whom are from the same political party; and
 - c) three members appointed by the Speaker of the House of Representatives, no more than two of whom are from the same political party.
90. Specifies that appointed members serve at the pleasure of the person who made the appointment.
91. Specifies that members are not eligible for compensation and allows members to receive reimbursement for outlined expenses.
92. Requires the Review Committee to review the individual and corporate Affordable Housing Tax Credit and the Affordable Housing Premium Tax Credit on the third year after the effective date of this legislation and every three years thereafter.
93. Requires the Review Committee's review to include:
 - a) the history, rationale and estimated revenue impact of each credit;
 - b) whether the credit has provided a benefit to Arizona that includes, for corporate tax credits, measurable economic development, new investments, creation of new jobs or retention of existing jobs in Arizona;
 - c) whether the credit is unnecessarily complex in the application, administration or approval processes; and
 - d) the number of housing units generated as a result of each credit and the average income of residents offered housing units.
94. Requires the Review Committee to report its findings and recommendations to the Legislature and Governor by December 15 of the year of the credit review and to provide a copy to the Secretary of the State.
95. Terminates the Review Committee on January 1, 2026.

Credit for Investment in Qualified Small Businesses

96. Extends, from December 31, 2024, to December 31, 2034, the individual Credit for Investment in Qualified Small Businesses.
97. Allows the ACA to authorize an additional \$2.5 million in tax credits each FY, plus any unused credit capacity that carries over from preceding FYs.
98. Prohibits the ACA from authorizing additional credits after June 30, 2031, rather than June 30, 2021.

Renewable Energy Production Tax Credit (Retroactive to January 1, 2021)

99. Requires, to be eligible for the Renewable Energy Production Tax Credit for CY 2021, a taxpayer to apply to ADOR before February 7 of the year following the CY for which the credit is being requested.

Fire District Board Tax Levy

100. Increases the cap of \$3.25 per \$100 of assessed valuation that a fire district board must levy against all property situated within the district boundaries and appearing on the last assessment roll as follows:
- a) \$3.375 per \$100 of assessed valuation in TY 2022; and
 - b) \$3.50 per \$100 of assessed valuation in TY 2023 and thereafter.

TPT and Use Tax (Retroactive to January 1, 2016)

101. Adds containment structures to the included pollution prevention, monitoring, control and land reduction machinery and equipment that must be deducted from the tax base for the retail classification of TPT.
102. Adds containment structures to the included pollution prevention, monitoring, control and land reduction machinery and equipment that is exempt from use tax.
103. Requires a claim for refund of TPT or use tax based on the retroactive application of the TPT deduction and the use tax exemption to ADOR by December 31, 2021, and outlines the following refund claim guidelines:
- a) failure to file a claim by the deadline constitutes a waiver of the claim for refund;
 - b) the maximum aggregate amount of refunds for claims filed from January 1, 2021, through December 31, 2021, is \$10,000;
 - c) if the aggregate amount of claims exceeds \$10,000, ADOR will reduce each claim proportionately so the total refund amount is \$10,000;
 - d) interest is not allowed or compounded on any refundable amount of claims paid before July 1, 2022;
 - e) if a refundable amount cannot be determined or paid until after June 30, 2022, interest accrues after that date; and
 - f) the \$10,000 aggregate refund amount does not apply to refund claims filed before January 1, 2021, or refund claims that are not in connection with the exemption.

Miscellaneous

104. Allows ADOR to adopt rules to carry out the administration of the combined tax rate of the income tax surcharge for public education and the individual income tax rate and exempts ADOR from rulemaking requirements for one year to implement the combined tax rate.
105. Contains a technical conditional enactment.

106. Contains a purpose statement.

107. Defines terms.

108. Makes technical and conforming changes.

109. Becomes effective on the general effective date, with retroactive provisions as noted.

Prepared by Senate Research

May 24, 2021

MG/g