

Senate Engrossed
tax credit review; evaluation standard

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

SENATE BILL 1280

AN ACT

AMENDING SECTION 43-221, ARIZONA REVISED STATUTES; RELATING TO INCOME TAX
CREDIT REVIEW.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 43-221, Arizona Revised Statutes, is amended to
3 read:

4 43-221. Joint legislative income tax credit review committee;
5 committee termination

6 A. The joint legislative income tax credit review committee is
7 established consisting of the following members:

8 1. Five members of the house of representatives ways and means
9 committee **WHO ARE** appointed by the speaker of the house of
10 representatives. Not more than three appointees shall be of the same
11 political party.

12 2. Five members of the senate finance committee **WHO ARE** appointed
13 by the president of the senate. Not more than three appointees shall be
14 of the same political party.

15 B. The committee shall determine the original purpose of existing
16 tax credits and establish a standard for evaluating and measuring the
17 success or failure of the tax credits. The standard for evaluating tax
18 credits may include:

19 1. The history, rationale and estimated revenue impact of the
20 credit.

21 2. Whether the credit has provided a benefit to this state
22 including, for corporate tax credits, measurable economic development, new
23 investments, creation of new jobs or retention of existing jobs in this
24 state.

25 3. Whether the credit is unnecessarily complex in the application,
26 administration and approval process.

27 4. **WHETHER ADEQUATE PROTECTIONS ARE IN PLACE TO ENSURE THAT THE**
28 **FISCAL IMPACT OF THE CREDIT IN FUTURE YEARS WILL NOT SUBSTANTIALLY**
29 **INCREASE BEYOND PROJECTIONS AVAILABLE WHEN THE CREDIT IS EVALUATED.**

30 C. The committee shall review the individual and corporate income
31 tax credits pursuant to the schedule prescribed in section 43-222. The
32 committee shall use the joint legislative budget committee staff and may
33 use the staff of the department of revenue and legislative council for
34 assistance.

35 D. After completing the review process, the committee shall
36 determine whether the credit should be amended, repealed or retained. If
37 the credit is recommended to be retained or amended, the committee shall
38 recommend that the credit be returned to the income tax credit review
39 schedule prescribed in section 43-222. The next review year shall be the
40 fifth full calendar year following the date the credit was reviewed. The
41 committee shall report its findings and recommendations to the president
42 of the senate, the speaker of the house of representatives and the
43 governor by December 15 of the year that the committee reviews the credit.
44 The committee shall provide a copy of the report to the ~~director of the~~
45 ~~Arizona state library, archives and public records~~ **SECRETARY OF STATE.**

46 E. The committee established by this section ends on July 1, 2022
47 pursuant to section 41-3103.