

REFERENCE TITLE: motion picture production; tax credits

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SB 1708

Introduced by

Senators Gowan: Alston, Borrelli, Fann, Kerr, Leach, Livingston, Otondo, Shope; Representatives Biasiucci, Blackman, Bowers, Cano, Carroll, Chávez, Cobb, Cook, Espinoza, Finchem, Hernandez A, Hernandez D, Martinez, Payne, Toma, Wilmeth

AN ACT

AMENDING TITLE 41, CHAPTER 10, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-1517; AMENDING SECTIONS 42-1122, 42-2003, 43-222 AND 43-1021, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1082; AMENDING SECTION 43-1121, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1165; RELATING TO 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 41, chapter 10, article 1, Arizona Revised
3 Statutes, is amended by adding section 41-1517, to read:

4 41-1517. Arizona motion picture production program; duties;
5 preapproval; postapproval; fee; rulemaking; audit;
6 report; definitions

7 A. THE AUTHORITY SHALL:

8 1. IMPLEMENT AN ARIZONA MOTION PICTURE PRODUCTION PROGRAM IN THIS
9 STATE TO PROMOTE THE WORKFORCE DEVELOPMENT AND EXPANSION OF THE COMMERCIAL
10 MOTION PICTURE INDUSTRY IN THIS STATE.

11 2. CERTIFY MOTION PICTURE PRODUCTION COMPANIES THAT PRODUCE ONE OR
12 MORE MOTION PICTURES IN THIS STATE FOR THE PURPOSE OF THE TAX CREDITS
13 ALLOWED UNDER SECTION 43-1082 OR 43-1165.

14 B. TO QUALIFY FOR THE PROGRAM, A MOTION PICTURE PRODUCTION COMPANY
15 SHALL:

16 1. DO EITHER OF THE FOLLOWING:

17 (a) USE A QUALIFIED PRODUCTION FACILITY IN THIS STATE TO PRODUCE
18 THE MOTION PICTURE PRODUCTION.

19 (b) IF THE MOTION PICTURE PRODUCTION IS FILMED PRIMARILY ON
20 LOCATION, PRODUCE AND FILM THE MOTION PICTURE PRODUCTION PRIMARILY IN THIS
21 STATE AND PERFORM ALL PREPRODUCTION, POSTPRODUCTION AND EDITING AT A
22 FACILITY IN THIS STATE, IF A FACILITY IS AVAILABLE.

23 2. MAINTAIN THE MOTION PICTURE PRODUCTION COMPANY'S FULL-TIME
24 PRODUCTION LABOR POSITIONS IN THIS STATE.

25 3. INCLUDE IN THE CREDITS FOR EACH MOTION PICTURE PRODUCTION AN
26 ACKNOWLEDGMENT THAT THE PRODUCTION WAS FILMED IN ARIZONA.

27 4. SUBMIT A COMPLETED APPLICATION PURSUANT TO SUBSECTION C OF THIS
28 SECTION. AN APPLICATION IS COMPLETE ON RECEIPT OF ALL REQUESTED
29 INFORMATION.

30 5. PROVIDE SUPPORTING STATEMENTS AND RECORDS REQUESTED BY THE
31 AUTHORITY TO DEMONSTRATE THAT THE MOTION PICTURE PRODUCTION COMPANY
32 SATISFIES THE CRITERIA PROVIDED IN THIS SUBSECTION.

33 C. THE APPLICATION FOR CERTIFICATION UNDER THIS SECTION SHALL BE ON
34 A FORM PRESCRIBED BY THE AUTHORITY AND SHALL INCLUDE THE FOLLOWING:

35 1. THE NAME, ADDRESS, TELEPHONE NUMBER AND WEBSITE OF THE MOTION
36 PICTURE PRODUCTION COMPANY.

37 2. THE NAME AND ADDRESS OF AN INDIVIDUAL WHO WILL MAINTAIN RECORDS
38 OF EXPENDITURES IN THIS STATE.

39 3. THE PROJECTED FIRST PREPRODUCTION DATE AND LAST PRODUCTION DATE
40 IN THIS STATE.

41 4. THE PRODUCTION OFFICE ADDRESS AND OFFICE TELEPHONE NUMBER IN
42 THIS STATE.

43 5. THE ESTIMATED TOTAL BUDGET OF THE PRODUCTION.

44 6. THE ESTIMATED TOTAL PRODUCTION COST EXPENDITURES IN THIS STATE.

1 7. THE ESTIMATED TOTAL PERCENTAGE OF THE PRODUCTION THAT WILL TAKE
2 PLACE IN THIS STATE.

3 8. THE ESTIMATED NUMBER OF FULL-TIME PRODUCTION LABOR EMPLOYMENT
4 POSITIONS IN THIS STATE.

5 9. THE ESTIMATED LEVEL OF EMPLOYMENT OF RESIDENTS OF THIS STATE IN
6 THE CAST AND CREW.

7 10. A SCRIPT, INCLUDING A SYNOPSIS, THE PROPOSED DIRECTOR AND A
8 PRELIMINARY LIST OF THE CAST AND PRODUCER.

9 11. AN AFFIDAVIT THAT ATTESTS THAT THE MOTION PICTURE PRODUCTION
10 COMPANY WILL MEET ALL OF THE REQUIREMENTS TO QUALIFY FOR THE TAX CREDITS,
11 INCLUDING THAT THE MOTION PICTURE PRODUCTION COMPANY WILL USE A QUALIFIED
12 PRODUCTION FACILITY IN THIS STATE TO PRODUCE THE MOTION PICTURE PRODUCTION
13 OR OTHERWISE SATISFY THE REQUIREMENTS PRESCRIBED IN SUBSECTION B,
14 PARAGRAPH 1 OF THIS SECTION.

15 D. THE AUTHORITY SHALL ESTABLISH PROCESSES TO:

16 1. REVIEW A COMPLETED INITIAL APPLICATION SUBMITTED PURSUANT TO
17 THIS SECTION WITHIN A TIME PERIOD PRESCRIBED BY THE AUTHORITY BY RULE TO
18 DETERMINE WHETHER THE MOTION PICTURE PRODUCTION COMPANY SATISFIES ALL OF
19 THE CRITERIA PROVIDED IN SUBSECTION B OF THIS SECTION.

20 2. CERTIFY AND PREAPPROVE A MOTION PICTURE PRODUCTION COMPANY FOR
21 THE MOTION PICTURE PRODUCTION TAX CREDITS UNDER SECTION 43-1082 OR
22 43-1165. PREAPPROVAL PRIORITY SHALL BE BASED ON THE DATE THAT THE MOTION
23 PICTURE PRODUCTION COMPANY FILES A COMPLETE INITIAL APPLICATION FOR
24 CERTIFICATION WITH THE AUTHORITY.

25 E. THE PREAPPROVED AMOUNT APPLIES AGAINST THE APPLICABLE DOLLAR
26 LIMIT PRESCRIBED BY SUBSECTION I OF THIS SECTION FOR THE CALENDAR YEAR IN
27 WHICH THE APPLICATION WAS SUBMITTED REGARDLESS OF WHETHER THE PREAPPROVAL
28 PERIOD EXTENDS INTO THE FOLLOWING YEAR OR YEARS.

29 F. THE AUTHORITY SHALL DENY AN APPLICATION IF THE AUTHORITY
30 DETERMINES THAT:

31 1. THE MOTION PICTURE PRODUCTION COMPANY DOES NOT MEET ALL OF THE
32 ESTABLISHED CRITERIA PROVIDED IN SUBSECTION B OF THIS SECTION.

33 2. THE PRODUCTION WOULD CONSTITUTE AN OBSCENE MOTION PICTURE FILM
34 OR OBSCENE PICTORIAL PUBLICATION UNDER TITLE 12, CHAPTER 7, ARTICLE 1.1.

35 3. THE PRODUCTION VIOLATES THE OBSCENITY LAWS UNDER TITLE 13,
36 CHAPTER 35.

37 4. THE PRODUCTION WOULD CONSTITUTE SEXUAL EXPLOITATION OF A MINOR
38 OR COMMERCIAL SEXUAL EXPLOITATION OF A MINOR UNDER TITLE 13, CHAPTER 35.1.

39 G. ON A DETERMINATION BY THE AUTHORITY THAT A MOTION PICTURE
40 PRODUCTION COMPANY QUALIFIES FOR THE MOTION PICTURE PRODUCTION TAX CREDITS
41 UNDER SECTION 43-1082 OR 43-1165, THE AUTHORITY SHALL ISSUE THE MOTION
42 PICTURE PRODUCTION COMPANY A PREAPPROVAL LETTER AND TRANSMIT A COPY OF THE
43 PREAPPROVAL LETTER TO THE DEPARTMENT OF REVENUE. A PREAPPROVAL LETTER IS
44 EFFECTIVE FOR A TIME PERIOD PRESCRIBED BY THE AUTHORITY BY RULE THAT SHALL
45 BE STATED IN THE PREAPPROVAL LETTER. A MOTION PICTURE PRODUCTION COMPANY

1 MAY APPLY TO THE AUTHORITY TO EXTEND THE PREAPPROVAL PERIOD IF THE MOTION
2 PICTURE PRODUCTION COMPANY CAN DEMONSTRATE THE PREAPPROVAL LETTER WILL
3 EXPIRE BEFORE THE PRODUCTION IS COMPLETE.

4 H. ON COMPLETION OF THE MOTION PICTURE PRODUCTION, A MOTION PICTURE
5 PRODUCTION COMPANY THAT IS PREAPPROVED FOR THE MOTION PICTURE PRODUCTION
6 TAX CREDITS UNDER SECTION 43-1082 OR 43-1165 SHALL APPLY TO THE AUTHORITY,
7 ON A FORM PRESCRIBED BY THE AUTHORITY, FOR APPROVAL OF MOTION PICTURE
8 PRODUCTION TAX CREDITS AND PROVIDE AN AUDITED STATEMENT COMPLETED BY A
9 CERTIFIED PUBLIC ACCOUNTANT IN THIS STATE THAT CERTIFIES THE TOTAL AMOUNT
10 OF ELIGIBLE PRODUCTION COSTS ASSOCIATED WITH THE PRODUCTION. THE
11 AUTHORITY SHALL PROVIDE POSTAPPROVAL TO A MOTION PICTURE PRODUCTION
12 COMPANY THAT THE COMPANY HAS MET THE ELIGIBILITY REQUIREMENTS OF THIS
13 SECTION AND NOTIFY THE DEPARTMENT OF REVENUE THAT THE MOTION PICTURE
14 PRODUCTION COMPANY MAY CLAIM THE TAX CREDITS UNDER SECTION 43-1082 OR
15 43-1165.

16 I. THE AUTHORITY MAY NOT PREAPPROVE TAX CREDITS EXCEEDING A TOTAL
17 OF \$150,000,000 IN ANY CALENDAR YEAR, OF WHICH UP TO \$25,000,000 MAY BE
18 USED FOR MOTION PICTURE PRODUCTIONS THAT QUALIFY FOR THE PROGRAM PURSUANT
19 TO SUBSECTION B, PARAGRAPH 1, SUBDIVISION (b) OF THIS SECTION.

20 J. ANY INFORMATION GATHERED FROM MOTION PICTURE PRODUCTION
21 COMPANIES FOR THE PURPOSES OF THIS SECTION IS CONSIDERED CONFIDENTIAL
22 TAXPAYER INFORMATION AND SHALL BE DISCLOSED ONLY AS PROVIDED IN SECTION
23 42-2003, SUBSECTION B, PARAGRAPH 12.

24 K. THE AUTHORITY SHALL ADOPT FEES AND DEPOSIT REQUIREMENTS, RULES
25 AND PUBLISH AND PRESCRIBE FORMS AND PROCEDURES AS NECESSARY TO ADMINISTER
26 THIS SECTION AND PROVIDE ADMINISTRATIVE SUPPORT SERVICES.

27 L. THE AUTHORITY SHALL SUBMIT AN ANNUAL REPORT ON OR BEFORE
28 DECEMBER 31 EACH YEAR TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE
29 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND SHALL PROVIDE A COPY OF THIS
30 REPORT TO THE SECRETARY OF STATE. THE AUTHORITY SHALL ALSO MAKE THE
31 REPORT AVAILABLE TO THE GENERAL PUBLIC ON REQUEST. THE REPORT SHALL
32 INCLUDE:

33 1. INFORMATION RELATING TO THE PROGRAM'S ACTIVITIES, RECEIPTS AND
34 EXPENDITURES.

35 2. INFORMATION COMPARING THE ANNUAL AMOUNT OF MONIES CREDITED TO
36 CERTIFIED MOTION PICTURE PRODUCTION COMPANIES TO THE ESTIMATED AMOUNT OF
37 MONIES SPENT ON IN-STATE PRODUCTION COSTS BY MOTION PICTURE PRODUCTION
38 COMPANIES.

39 3. QUARTERLY DATA ON THE GROWTH AND DEVELOPMENT OF MOTION PICTURE
40 INDUSTRY EMPLOYMENT AND WAGES IN THIS STATE.

41 M. BEGINNING ON THE FIFTH YEAR AFTER THE AUTHORITY ISSUES THE FIRST
42 PREAPPROVAL LETTER AND AT LEAST EVERY FIFTH YEAR THEREAFTER, THE AUTHORITY
43 SHALL PERFORM AN AUDIT OF THE PROGRAM. ON OR BEFORE JUNE 30 OF THE
44 RESPECTIVE YEAR, THE AUTHORITY SHALL ISSUE A PUBLIC REPORT OF THE AUDIT
45 AND SUBMIT THE REPORT OF THE AUDIT TO THE PRESIDENT OF THE SENATE AND THE

1 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND SHALL PROVIDE A COPY TO THE
2 SECRETARY OF STATE. THE AUDIT PERFORMED ON THE TWENTIETH YEAR AFTER THE
3 FIRST AUDIT BY THE AUTHORITY SHALL INCLUDE A RECOMMENDATION FOR WHETHER
4 THE LEGISLATURE SHOULD REPEAL THE PROGRAM.

5 N. FOR THE PURPOSES OF THIS SECTION:

6 1. "MOTION PICTURE PRODUCTION" MEANS A SINGLE MEDIUM OR MULTIMEDIA
7 PROGRAM, INCLUDING A FEATURE FILM, EPISODIC TELEVISION SERIES OR
8 COMMERCIAL ADVERTISEMENT MESSAGE, THAT:

9 (a) IS CREATED BY PRODUCTION ACTIVITIES CONDUCTED IN THIS STATE.

10 (b) CAN BE VIEWED OR REPRODUCED.

11 (c) IS INTENDED FOR COMMERCIAL DISTRIBUTION OR LICENSING IN THE
12 DELIVERY MEDIUM USED.

13 2. "MOTION PICTURE PRODUCTION COMPANY" MEANS ANY PERSON PRIMARILY
14 ENGAGED IN THE BUSINESS OF PRODUCING MOTION PICTURES AND THAT HAS A
15 PHYSICAL BUSINESS OFFICE IN THIS STATE.

16 3. "ON LOCATION" MEANS A MOTION PICTURE PRODUCTION THAT DOES NOT
17 USE AN INDUSTRY STANDARD PRODUCTION FACILITY TO PRODUCE AND FILM THE
18 MOTION PICTURE PRODUCTION.

19 4. "PRODUCTION COSTS":

20 (a) MEANS THE FOLLOWING COSTS INCURRED IN THIS STATE:

21 (i) ALL COMPENSATION PAID TO TALENT, WRITERS, DIRECTORS AND
22 MANAGEMENT.

23 (ii) ALL COMPENSATION PAID FOR PRODUCTION LABOR.

24 (iii) SET CONSTRUCTION AND OPERATION COSTS PAID PURSUANT TO
25 CONSTRUCTION CONTRACTS WITH CONTRACTORS WHO ARE LICENSED UNDER TITLE 32,
26 CHAPTER 10.

27 (iv) WARDROBE, PROPS, ACCESSORIES AND RELATED SERVICES.

28 (v) PHOTOGRAPHY, SOUND SYNCHRONIZATION, LIGHTING AND RELATED COSTS.

29 (vi) EDITING AND RELATED SERVICES.

30 (vii) RENTAL OF QUALIFIED PRODUCTION FACILITIES.

31 (viii) RENTAL OF EQUIPMENT.

32 (ix) CATERED FOOD, DRINK AND CONDIMENT PURCHASED FROM A QUALIFIED
33 PRODUCTION FACILITY.

34 (x) OTHER DIRECT IN-STATE COSTS OF PRODUCING THE MOTION PICTURE
35 PRODUCTION PURSUANT TO RULES ADOPTED BY THE AUTHORITY.

36 (b) DOES NOT INCLUDE PAYMENTS FOR PENALTIES AND FINES OR FEES OR
37 DEPOSITS ESTABLISHED BY THE AUTHORITY OR THE DEPARTMENT OF REVENUE TO
38 ADMINISTER THE PROGRAM.

39 5. "PRODUCTION LABOR" MEANS ALL LABORERS WORKING ON A PRODUCTION
40 THAT ARE NOT TALENT, WRITERS, DIRECTORS, PRODUCERS OR MANAGEMENT.

41 6. "PROGRAM" MEANS THE ARIZONA MOTION PICTURE PRODUCTION PROGRAM
42 IMPLEMENTED PURSUANT TO THIS SECTION.

43 7. "QUALIFIED PRODUCTION FACILITY" MEANS A STRUCTURE THAT IS BUILT
44 FOR FILM INDUSTRY PURPOSES, IS LOCATED IN THIS STATE, IS AT LEAST TEN
45 THOUSAND SQUARE FEET AND MEETS GENERALLY ACCEPTED INDUSTRY STANDARDS,

1 INCLUDING STANDARDS FOR SOUNDPROOFING, LIGHTING, AIR CONDITIONING AND
2 MOTION PICTURE PRODUCTION QUALITY TECHNOLOGY FOR PRODUCING, FILMING OR
3 OTHERWISE CREATING A MOTION PICTURE PRODUCTION.

4 Sec. 2. Section 42-1122, Arizona Revised Statutes, is amended to
5 read:

6 42-1122. Setoff for debts to state agencies, political
7 subdivisions and courts; revolving fund;
8 penalties; definitions

9 A. The department shall establish a liability setoff program by
10 which refunds under ~~sections~~ SECTION 42-1118 and ~~43-1072~~ TITLE 43,
11 CHAPTERS 10 AND 11 may be used to satisfy debts that the taxpayer owes to
12 this state, a political subdivision or a court. The program shall comply
13 with the standards and requirements prescribed by this section.

14 B. If a taxpayer owes an agency, political subdivision or court a
15 debt, the agency, political subdivision or court, by November 1 of each
16 year, may notify the department, furnishing at least the state agency,
17 court or program identifier, the taxpayer's first name, last name, middle
18 initial or middle name and suffix and social security number and any other
19 available identification that the agency, political subdivision or court
20 deems appropriate of the debtor as shown on the records of the agency,
21 political subdivision or court, and the amount of the debt.

22 C. The department shall match the information submitted by the
23 agency, political subdivision or court by at least two items of
24 identification of the taxpayer with taxpayers who qualify for refunds
25 under section 42-1118 and shall:

26 1. Notify the agency, political subdivision or court of a potential
27 match, the taxpayer's home address and any additional taxpayer
28 identification numbers used by the taxpayer. Even if the taxpayer is not
29 entitled to a refund, the department of revenue shall provide to:

30 (a) The court, the clerk of the court and the department of
31 economic security, for child support and spousal maintenance purposes
32 only, the home address of a taxpayer whose debt for overdue support is
33 referred for setoff and any additional taxpayer identification numbers
34 used by the taxpayer.

35 (b) The court the home address and any additional taxpayer
36 identification numbers used by the taxpayer whose debt for a court
37 obligation is referred for setoff and who is identified by the court as a
38 probationer on absconder status.

39 2. Request final agency, political subdivision or court
40 confirmation in writing or electronically as determined by the department
41 within ten days after the match and of the continuation of the debt. If
42 the agency, political subdivision or court fails to provide confirmation
43 within forty-five days after the request, the department shall release the
44 refund to the taxpayer.

1 D. An agency, political subdivision or court may submit updated
2 information, additions, deletions and other changes on a quarterly or more
3 frequent basis, at the convenience of the agency, political subdivision or
4 court.

5 E. On confirmation pursuant to subsection C, paragraph 2 of this
6 section, the agency or political subdivision shall notify the taxpayer, by
7 mail to the most recent physical address or electronically to the most
8 recent ~~e-mail~~ EMAIL address provided by the taxpayer to the department:

9 1. Of the intention to set off the debt against the refund due.

10 2. Of the taxpayer's right to appeal to the appropriate court or to
11 request a review by the agency or political subdivision pursuant to agency
12 or political subdivision rule, within thirty days after the physical or
13 electronic mailing of the notice.

14 F. In addition, the taxpayer shall receive notice that if the
15 refund is intercepted in error through no fault of the taxpayer, the
16 taxpayer is entitled to the full refund plus interest and penalties from
17 the agency, political subdivision or court as provided by subsection 0 of
18 this section.

19 G. The basis for a request for review as provided by subsection E
20 of this section shall not include the validity of the claim if its
21 validity has been established at an agency hearing, by judicial review in
22 a court of competent jurisdiction in this or any other state or by final
23 administrative decision and shall state with specificity why the taxpayer
24 claims the obligation does not exist or why the amount of the obligation
25 is incorrect.

26 H. If, within thirty days after the physical or electronic mailing
27 of the notice, the taxpayer requests a review by the agency or political
28 subdivision or provides the agency or political subdivision with proof
29 that an appeal has been taken to the appropriate court, the agency or
30 political subdivision shall immediately notify the department and the
31 setoff procedure shall be stayed pending resolution of the review or
32 appeal.

33 I. If the department does not receive notice of a timely appeal, it
34 shall draw and deliver a warrant in the amount of the available refund up
35 to the amount of the debt in favor of the agency or political subdivision
36 and notify the taxpayer of the action by physical mail or ~~e-mail~~ EMAIL.

37 J. Subsections E, G, H and I of this section do not apply to a debt
38 imposed by a court except that the taxpayer shall receive notice of the
39 intent to set off the debt against the refund due and the right to appeal
40 to the court that imposed the debt within thirty days after the physical
41 or electronic mailing of the notice. The basis for the request for review
42 shall not include the validity of the claim and shall state with
43 specificity why the taxpayer claims the obligation does not exist or why
44 the obligation is incorrect.

1 K. If the setoff accounts for only a portion of the refund due, the
2 remainder of the refund shall be sent to the taxpayer. A court shall not
3 use this section to satisfy a judgment or payment of a fine or civil
4 penalty until the judgment has become final or until the time to appeal
5 the imposition of a fine or civil penalty has expired.

6 L. A revolving fund is established to recover and pay the cost of
7 operating the setoff program under this section. Monies in the fund may
8 also be used for the general operating expenses of the department. The
9 department may prescribe a fee to be collected from each agency, political
10 subdivision or court using the setoff procedure or from the taxpayer, and
11 the amount shall be deposited in the fund. The amount of the fee shall
12 reasonably reflect the actual cost of the service provided. Monies in the
13 revolving fund are subject to legislative appropriation.

14 M. If agencies, political subdivisions or courts have two or more
15 delinquent accounts for the same taxpayer, the refund may be apportioned
16 among them pursuant to rules prescribed by the department of revenue,
17 except that a setoff to the department of economic security for overdue
18 support has priority over all other setoffs.

19 N. If the refund is insufficient to satisfy the entire debt, the
20 remainder of the debt may be collected by the agency, political
21 subdivision or court as provided by law or resubmitted for setoff against
22 subsequent refunds.

23 O. In the case of a refund that is intercepted in error through no
24 fault of the taxpayer under this section, the taxpayer shall be reimbursed
25 by the agency, political subdivision or court with interest pursuant to
26 section 42-1123. In addition, if all or part of a refund is intercepted
27 in error due to an agency, political subdivision or court incorrectly
28 identifying a taxpayer as a debtor through no fault of the taxpayer, the
29 agency, political subdivision or court shall also pay the taxpayer a
30 penalty as follows:

31 1. If the agency, political subdivision or court reimburses the
32 taxpayer sixteen through one hundred eighty days after the agency,
33 political subdivision or court receives notification that the refund was
34 erroneously intercepted and the refund was received by the agency,
35 political subdivision or court, the penalty is equal to ten percent of the
36 amount of the refund that was intercepted.

37 2. If the agency, political subdivision or court reimburses the
38 taxpayer one hundred eighty-one through three hundred sixty-five days
39 after the agency, political subdivision or court receives notification
40 that the refund was erroneously intercepted and the refund was received by
41 the agency, political subdivision or court, the penalty is equal to
42 fifteen percent of the amount of the refund that was intercepted.

43 3. If the agency, political subdivision or court fails to reimburse
44 the taxpayer within three hundred sixty-five days after the agency,
45 political subdivision or court receives notification that the refund was

erroneously intercepted and the refund was received by the agency, political subdivision or court, the penalty is equal to twenty percent of the amount of the refund that was intercepted.

P. The time periods set forth in subsection O of this section shall be stayed during a review of an agency decision pursuant to section 25-522.

Q. Except as is reasonably necessary to accomplish the purposes of this section, the department shall not disclose under this section any information in violation of chapter 2, article 1 of this title.

R. An agency, political subdivision or court shall not enter into an agreement with a debtor for:

1. The assignment of any prospective refund to the agency, political subdivision or court in satisfaction of the debt.

2. Payment of the debt if the debt has been confirmed to the department for setoff under subsection C, paragraph 2 of this section.

S. If a tax refund is based on a joint income tax return and the department of economic security receives a written claim from the nonobligated spouse within forty-five days after the notice of a setoff for overdue child support, the setoff only applies to that portion of the refund due to the obligor. The nonobligated spouse shall provide to the department of economic security copies of both the obligated and nonobligated spouse's federal W-2 forms and evidence of estimated tax payments supporting the proportionate share of each spouse's payment of tax. The department of economic security shall retain the amount of the setoff refund due to the obligated spouse determined by a proration based on the tax payments of each spouse by estimated tax payment or tax withheld from wages.

T. For the purposes of this section:

1. "Agency" means:

(a) A department, agency, board, commission or institution of this state.

(b) A corporation that is under contract with this state and that provides a service that would otherwise be provided by a department, agency, board, commission or institution of this state, if the contract specifically authorizes participation in the liability setoff program and the attorney general's office has reviewed the contract and approves such authorization. The participation in the liability setoff program shall be limited to debt related to the services the corporation provides for or on behalf of this state.

2. "Court" means all courts of record, justice courts and municipal courts.

3. "Debt":

(a) Means an amount over \$50 that is owed to an agency, political subdivision or court by a taxpayer and may include a judgment in favor of this state or a political subdivision of this state, interest, penalties,

1 charges, costs, fees, fines, civil penalties, surcharges, assessments,
2 administrative charges or any other amount.

3 (b) Includes monies that are owed by a taxpayer for overdue support
4 and that are referred to the department of economic security or the clerk
5 of the court for collection.

6 4. "Overdue support" means a delinquency in court ordered payments
7 for spousal maintenance or support of a child or for spousal maintenance
8 to the parent with whom the child is living if child support is also being
9 enforced pursuant to an assignment or application filed under 42 United
10 States Code section 654(6) or other applicable law.

11 5. "Political subdivision" means a county or an incorporated city
12 or town in this state.

13 Sec. 3. Section 42-2003, Arizona Revised Statutes, is amended to
14 read:

15 42-2003. Authorized disclosure of confidential information

16 A. Confidential information relating to:

17 1. A taxpayer may be disclosed to the taxpayer, its successor in
18 interest or a designee of the taxpayer who is authorized in writing by the
19 taxpayer. A principal corporate officer of a parent corporation may
20 execute a written authorization for a controlled subsidiary.

21 2. A corporate taxpayer may be disclosed to any principal officer,
22 any person designated by a principal officer or any person designated in a
23 resolution by the corporate board of directors or other similar governing
24 body. If a corporate officer signs a statement under penalty of perjury
25 representing that the officer is a principal officer, the department may
26 rely on the statement until the statement is shown to be false. For the
27 purposes of this paragraph, "principal officer" includes a chief executive
28 officer, president, secretary, treasurer, vice president of tax, chief
29 financial officer, chief operating officer or chief tax officer or any
30 other corporate officer who has the authority to bind the taxpayer on
31 matters related to state taxes.

32 3. A partnership may be disclosed to any partner of the
33 partnership. This exception does not include disclosure of confidential
34 information of a particular partner unless otherwise authorized.

35 4. A limited liability company may be disclosed to any member of
36 the company or, if the company is manager-managed, to any manager.

37 5. An estate may be disclosed to the personal representative of the
38 estate and to any heir, next of kin or beneficiary under the will of the
39 decedent if the department finds that the heir, next of kin or beneficiary
40 has a material interest that will be affected by the confidential
41 information.

42 6. A trust may be disclosed to the trustee or trustees, jointly or
43 separately, and to the grantor or any beneficiary of the trust if the
44 department finds that the grantor or beneficiary has a material interest
45 that will be affected by the confidential information.

1 7. A government entity may be disclosed to the head of the entity
2 or a member of the governing board of the entity, or any employee of the
3 entity who has been delegated the authorization in writing by the head of
4 the entity or the governing board of the entity.

5 8. Any taxpayer may be disclosed if the taxpayer has waived any
6 rights to confidentiality either in writing or on the record in any
7 administrative or judicial proceeding.

8 9. The name and taxpayer identification numbers of persons issued
9 direct payment permits may be publicly disclosed.

10 10. Any taxpayer may be disclosed during a meeting or telephone
11 call if the taxpayer is present during the meeting or telephone call and
12 authorizes the disclosure of confidential information.

13 B. Confidential information may be disclosed to:

14 1. Any employee of the department whose official duties involve tax
15 administration.

16 2. The office of the attorney general solely for its use in
17 preparation for, or in an investigation that may result in, any proceeding
18 involving tax administration before the department or any other agency or
19 board of this state, or before any grand jury or any state or federal
20 court.

21 3. The department of liquor licenses and control for its use in
22 determining whether a spirituous liquor licensee has paid all transaction
23 privilege taxes and affiliated excise taxes incurred as a result of the
24 sale of spirituous liquor, as defined in section 4-101, at the licensed
25 establishment and imposed on the licensed establishments by this state and
26 its political subdivisions.

27 4. Other state tax officials whose official duties require the
28 disclosure for proper tax administration purposes if the information is
29 sought in connection with an investigation or any other proceeding
30 conducted by the official. Any disclosure is limited to information of a
31 taxpayer who is being investigated or who is a party to a proceeding
32 conducted by the official.

33 5. The following agencies, officials and organizations, if they
34 grant substantially similar privileges to the department for the type of
35 information being sought, pursuant to statute and a written agreement
36 between the department and the foreign country, agency, state, Indian
37 tribe or organization:

38 (a) The United States internal revenue service, alcohol and tobacco
39 tax and trade bureau of the United States treasury, United States bureau
40 of alcohol, tobacco, firearms and explosives of the United States
41 department of justice, United States drug enforcement agency and federal
42 bureau of investigation.

43 (b) A state tax official of another state.

1 (c) An organization of states, federation of tax administrators or
2 multistate tax commission that operates an information exchange for tax
3 administration purposes.

4 (d) An agency, official or organization of a foreign country with
5 responsibilities that are comparable to those listed in subdivision (a),
6 (b) or (c) of this paragraph.

7 (e) An agency, official or organization of an Indian tribal
8 government with responsibilities comparable to the responsibilities of the
9 agencies, officials or organizations identified in subdivision (a), (b) or
10 (c) of this paragraph.

11 6. The auditor general, in connection with any audit of the
12 department subject to the restrictions in section 42-2002, subsection D.

13 7. Any person to the extent necessary for effective tax
14 administration in connection with:

15 (a) The processing, storage, transmission, destruction and
16 reproduction of the information.

17 (b) The programming, maintenance, repair, testing and procurement
18 of equipment for purposes of tax administration.

19 (c) The collection of the taxpayer's civil liability.

20 8. The office of administrative hearings relating to taxes
21 administered by the department pursuant to section 42-1101, but the
22 department shall not disclose any confidential information without the
23 taxpayer's written consent:

24 (a) Regarding income tax or withholding tax.

25 (b) On any tax issue relating to information associated with the
26 reporting of income tax or withholding tax.

27 9. The United States treasury inspector general for tax
28 administration for the purpose of reporting a violation of internal
29 revenue code section 7213A (26 United States Code section 7213A),
30 unauthorized inspection of returns or return information.

31 10. The financial management service of the United States treasury
32 department for use in the treasury offset program.

33 11. The United States treasury department or its authorized agent
34 for use in the state income tax levy program and in the electronic federal
35 tax payment system.

36 12. The Arizona commerce authority for its use in:

37 (a) Qualifying renewable energy operations for the tax incentives
38 under section 42-12006.

39 (b) Qualifying businesses with a qualified facility for income tax
40 credits under sections 43-1083.03 and 43-1164.04.

41 (c) Fulfilling its annual reporting responsibility pursuant to
42 section 41-1511, subsections U and V, ~~and~~ section 41-1512, subsections U
43 and V **AND SECTION 41-1517, SUBSECTION L.**

44 (d) Certifying computer data centers for tax relief under section
45 41-1519.

1 (e) CERTIFYING APPLICANTS FOR THE TAX CREDIT FOR MOTION PICTURE
2 PRODUCTION COSTS UNDER SECTIONS 43-1082 AND 43-1165.

3 13. A prosecutor for purposes of section 32-1164, subsection C.

4 14. The office of the state fire marshal for use in determining
5 compliance with and enforcing title 37, chapter 9, article 5.

6 15. The department of transportation for its use in administering
7 taxes, surcharges and penalties prescribed by title 28.

8 16. The Arizona health care cost containment system administration
9 for its use in administering nursing facility provider assessments.

10 17. The department of administration risk management division and
11 the office of the attorney general if the information relates to a claim
12 against this state pursuant to section 12-821.01 involving the department
13 of revenue.

14 18. Another state agency if the taxpayer authorizes the disclosure
15 of confidential information in writing, including an authorization that is
16 part of an application form or other document submitted to the agency.

17 19. The department of economic security for its use in determining
18 whether an employer has paid all amounts due under the unemployment
19 insurance program pursuant to title 23, chapter 4.

20 20. The department of health services for its use in determining
21 the following:

22 (a) Whether a medical marijuana dispensary is in compliance with
23 the tax requirements of chapter 5 of this title for the purposes of
24 section 36-2806, subsection A.

25 (b) Whether a marijuana establishment, marijuana testing facility
26 or dual licensee licensed under title 36, chapter 28.2 is in compliance
27 with the tax obligations under this title or title 43.

28 C. Confidential information may be disclosed in any state or
29 federal judicial or administrative proceeding pertaining to tax
30 administration pursuant to the following conditions:

31 1. One or more of the following circumstances must apply:

32 (a) The taxpayer is a party to the proceeding.

33 (b) The proceeding arose out of, or in connection with, determining
34 the taxpayer's civil or criminal liability, or the collection of the
35 taxpayer's civil liability, with respect to any tax imposed under this
36 title or title 43.

37 (c) The treatment of an item reflected on the taxpayer's return is
38 directly related to the resolution of an issue in the proceeding.

39 (d) Return information directly relates to a transactional
40 relationship between a person who is a party to the proceeding and the
41 taxpayer and directly affects the resolution of an issue in the
42 proceeding.

43 2. Confidential information may not be disclosed under this
44 subsection if the disclosure is prohibited by section 42-2002, subsection
45 C or D.

D. Identity information may be disclosed for purposes of notifying persons entitled to tax refunds if the department is unable to locate the persons after reasonable effort.

E. The department, on the request of any person, shall provide the names and addresses of bingo licensees as defined in section 5-401, verify whether or not a person has a privilege license and number, a tobacco product distributor's license and number or a withholding license and number or disclose the information to be posted on the department's website or otherwise publicly accessible pursuant to section 42-1124, subsection F and section 42-3401.

F. A department employee, in connection with the official duties relating to any audit, collection activity or civil or criminal investigation, may disclose return information to the extent that disclosure is necessary to obtain information that is not otherwise reasonably available. These official duties include the correct determination of and liability for tax, the amount to be collected or the enforcement of other state tax revenue laws.

G. Confidential information relating to transaction privilege tax, use tax, severance tax, jet fuel excise and use tax and any other tax collected by the department on behalf of any jurisdiction may be disclosed to any county, city or town tax official if the information relates to a taxpayer who is or may be taxable by a county, city or town or who may be subject to audit by the department pursuant to section 42-6002. Any taxpayer information that is released by the department to the county, city or town:

1. May be used only for internal purposes, including audits. If there is a legitimate business need relating to enforcing laws, regulations and ordinances pursuant to section 9-500.39 or 11-269.17, a county, city or town tax official may redisclose transaction privilege tax information relating to a vacation rental or short-term rental property owner or online lodging operator from the new license report and license update report, subject to the following:

(a) The information redisclosed is limited to the following:

(i) The transaction privilege tax license number.

(ii) The type of organization or ownership of the business.

(iii) The legal business name and doing business as name, if different from the legal name.

(iv) The business mailing address, tax record physical location address, telephone number, email address and fax number.

(v) The date the business started in this state, the business description and the North American industry classification system code.

(vi) The name, address and telephone number for each owner, partner, corporate officer, member, managing member or official of the employing unit.

(b) Redisdisclosure is limited to nonelected officials in other units within the county, city or town. The information may not be redisdisclosed to an elected official or the elected official's staff.

(c) All redisdisclosures of confidential information made pursuant to this paragraph are subject to paragraph 2 of this subsection.

2. May not be disclosed to the public in any manner that does not comply with confidentiality standards established by the department. The county, city or town shall agree in writing with the department that any release of confidential information that violates the confidentiality standards adopted by the department will result in the immediate suspension of any rights of the county, city or town to receive taxpayer information under this subsection.

H. The department may disclose statistical information gathered from confidential information if it does not disclose confidential information attributable to any one taxpayer. The department may disclose statistical information gathered from confidential information, even if it discloses confidential information attributable to a taxpayer, to:

1. The state treasurer in order to comply with the requirements of section 42-5029, subsection A, paragraph 3.

2. The joint legislative income tax credit review committee, the joint legislative budget committee staff and the legislative staff in order to comply with the requirements of section 43-221.

I. The department may disclose the aggregate amounts of any tax credit, tax deduction or tax exemption enacted after January 1, 1994. Information subject to disclosure under this subsection shall not be disclosed if a taxpayer demonstrates to the department that such information would give an unfair advantage to competitors.

J. Except as provided in section 42-2002, subsection C, confidential information, described in section 42-2001, paragraph 1, subdivision (a), item (ii), may be disclosed to law enforcement agencies for law enforcement purposes.

K. The department may provide transaction privilege tax license information to property tax officials in a county for the purpose of identification and verification of the tax status of commercial property.

L. The department may provide transaction privilege tax, luxury tax, use tax, property tax and severance tax information to the ombudsman-citizens aide pursuant to title 41, chapter 8, article 5.

M. Except as provided in section 42-2002, subsection D, a court may order the department to disclose confidential information pertaining to a party to an action. An order shall be made only on a showing of good cause and that the party seeking the information has made demand on the taxpayer for the information.

N. This section does not prohibit the disclosure by the department of any information or documents submitted to the department by a bingo

1 licensee. Before disclosing the information, the department shall obtain
2 the name and address of the person requesting the information.

3 O. If the department is required or ~~permitted~~ ALLOWED to disclose
4 confidential information, it may charge the person or agency requesting
5 the information for the reasonable cost of its services.

6 P. Except as provided in section 42-2002, subsection D, the
7 department of revenue shall release confidential information as requested
8 by the department of economic security pursuant to section 42-1122 or
9 46-291. Information disclosed under this subsection is limited to the
10 same type of information that the United States internal revenue service
11 is authorized to disclose under section 6103(1)(6) of the internal revenue
12 code.

13 Q. Except as provided in section 42-2002, subsection D, the
14 department shall release confidential information as requested by the
15 courts and clerks of the court pursuant to section 42-1122.

16 R. To comply with the requirements of section 42-5031, the
17 department may disclose to the state treasurer, to the county stadium
18 district board of directors and to any city or town tax official that is
19 part of the county stadium district confidential information attributable
20 to a taxpayer's business activity conducted in the county stadium
21 district.

22 S. The department shall release to the attorney general
23 confidential information as requested by the attorney general for purposes
24 of determining compliance with or enforcing any of the following:

25 1. Any public health control law relating to tobacco sales as
26 provided under title 36, chapter 6, article 14.

27 2. Any law relating to reduced cigarette ignition propensity
28 standards as provided under title 37, chapter 9, article 5.

29 3. Sections 44-7101 and 44-7111, the master settlement agreement
30 referred to in those sections and all agreements regarding disputes under
31 the master settlement agreement.

32 T. For proceedings before the department, the office of
33 administrative hearings, the state board of tax appeals or any state or
34 federal court involving penalties that were assessed against a return
35 preparer, an electronic return preparer or a payroll service company
36 pursuant to section 42-1103.02, 42-1125.01 or 43-419, confidential
37 information may be disclosed only before the judge or administrative law
38 judge adjudicating the proceeding, the parties to the proceeding and the
39 parties' representatives in the proceeding prior to its introduction into
40 evidence in the proceeding. The confidential information may be
41 introduced as evidence in the proceeding only if the taxpayer's name, the
42 names of any dependents listed on the return, all social security numbers,
43 the taxpayer's address, the taxpayer's signature and any attachments
44 containing any of the foregoing information are redacted and if either:

1 1. The treatment of an item reflected on such a return is or may be
2 related to the resolution of an issue in the proceeding.

3 2. Such a return or the return information relates or may relate to
4 a transactional relationship between a person who is a party to the
5 proceeding and the taxpayer that directly affects the resolution of an
6 issue in the proceeding.

7 3. The method of payment of the taxpayer's withholding tax
8 liability or the method of filing the taxpayer's withholding tax return is
9 an issue for the period.

10 U. The department and attorney general may share the information
11 specified in subsection S of this section with any of the following:

12 1. Federal, state or local agencies located in this state for the
13 purposes of enforcement of the statutes or agreements specified in
14 subsection S of this section or for the purposes of enforcement of
15 corresponding laws of other states.

16 2. Indian tribes located in this state for the purposes of
17 enforcement of the statutes or agreements specified in subsection S of
18 this section.

19 3. A court, arbitrator, data clearinghouse or similar entity for
20 the purpose of assessing compliance with or making calculations required
21 by the master settlement agreement or agreements regarding disputes under
22 the master settlement agreement, and with counsel for the parties or
23 expert witnesses in any such proceeding, if the information otherwise
24 remains confidential.

25 V. The department may provide the name and address of qualifying
26 hospitals and qualifying health care organizations, as defined in section
27 42-5001, to a business that is classified and reporting transaction
28 privilege tax under the utilities classification.

29 W. The department may disclose to an official of any city, town or
30 county in a current agreement or considering a prospective agreement with
31 the department as described in section 42-5032.02, subsection G any
32 information relating to amounts that are subject to distribution and that
33 are required by section 42-5032.02. Information disclosed by the
34 department under this subsection:

35 1. May ~~only~~ be used ONLY by the city, town or county for internal
36 purposes.

37 2. May not be disclosed to the public in any manner that does not
38 comply with confidentiality standards established by the department. The
39 city, town or county must agree with the department in writing that any
40 release of confidential information that violates the confidentiality
41 standards will result in the immediate suspension of any rights of the
42 city, town or county to receive information under this subsection.

43 X. Notwithstanding any other provision of this section, the
44 department may not disclose information provided by an online lodging
45 marketplace, as defined in section 42-5076, without the written consent of

1 the online lodging marketplace, and the information may be disclosed only
2 pursuant to subsection A, paragraphs 1 through 6, 8 and 10, subsection B,
3 paragraphs 1, 2, 7 and 8 and subsections C, D and G of this section. Such
4 information:

5 1. Is not subject to disclosure pursuant to title 39, relating to
6 public records.

7 2. May not be disclosed to any agency of this state or of any
8 county, city, town or other political subdivision of this state.

9 Sec. 4. Section 43-222, Arizona Revised Statutes, is amended to
10 read:

11 43-222. Income tax credit review schedule

12 The joint legislative income tax credit review committee shall
13 review the following income tax credits:

14 1. For years ending in 0 and 5, sections 43-1079.01, 43-1088,
15 43-1089.04, 43-1167.01 and 43-1175.

16 2. For years ending in 1 and 6, sections 43-1072.02, 43-1074.02,
17 43-1075, 43-1076.01, 43-1077, 43-1078, 43-1083, 43-1083.02, 43-1162,
18 43-1164.03 and 43-1183.

19 3. For years ending in 2 and 7, sections 43-1073, 43-1082, 43-1085,
20 43-1086, 43-1089, 43-1089.01, 43-1089.02, 43-1089.03, 43-1164, 43-1165,
21 43-1169 and 43-1181.

22 4. For years ending in 3 and 8, sections 43-1074.01, 43-1081,
23 43-1168, 43-1170 and 43-1178.

24 5. For years ending in 4 and 9, sections 43-1073.01, 43-1076,
25 43-1081.01, 43-1083.03, 43-1084, 43-1164.04, 43-1164.05 and 43-1184.

26 Sec. 5. Section 43-1021, Arizona Revised Statutes, is amended to
27 read:

28 43-1021. Addition to Arizona gross income

29 In computing Arizona adjusted gross income, the following amounts
30 shall be added to Arizona gross income:

31 1. A beneficiary's share of the fiduciary adjustment to the extent
32 that the amount determined by section 43-1333 increases the beneficiary's
33 Arizona gross income.

34 2. An amount equal to the ordinary income portion of a lump sum
35 distribution that was excluded from federal adjusted gross income pursuant
36 to the special rule for individuals who attained fifty years of age before
37 January 1, 1986 under Public Law 99-514, section 1122(h)(3).

38 3. The amount of interest income received on obligations of any
39 state, territory or possession of the United States, or any political
40 subdivision thereof, located outside ~~the~~ OF THIS state ~~of Arizona~~,
41 reduced, for taxable years beginning from and after December 31, 1996, by
42 the amount of any interest on indebtedness and other related expenses that
43 were incurred or continued to purchase or carry those obligations and that
44 are not otherwise deducted or subtracted in arriving at Arizona gross
45 income.

4. The excess of a partner's share of partnership taxable income required to be included under chapter 14, article 2 of this title over the income required to be reported under section 702(a)(8) of the internal revenue code.

5. The excess of a partner's share of partnership losses determined pursuant to section 702(a)(8) of the internal revenue code over the losses allowable under chapter 14, article 2 of this title.

6. Any amount of agricultural water conservation expenses that were deducted pursuant to the internal revenue code for which a credit is claimed under section 43-1084.

7. The amount by which the depreciation or amortization computed under the internal revenue code with respect to property for which a credit was taken under either section 43-1081 or 43-1081.01 exceeds the amount of depreciation or amortization computed pursuant to the internal revenue code on the Arizona adjusted basis of the property.

8. The amount by which the adjusted basis computed under the internal revenue code with respect to property for which a credit was claimed under section 43-1074.02, 43-1081 or 43-1081.01 and that is sold or otherwise disposed of during the taxable year exceeds the adjusted basis of the property computed under section 43-1074.02, 43-1081 or 43-1081.01, as applicable.

9. The deduction referred to in section 1341(a)(4) of the internal revenue code for restoration of a substantial amount held under a claim of right.

10. The amount by which a net operating loss carryover or capital loss carryover allowable pursuant to section 1341(b)(5) of the internal revenue code exceeds the net operating loss carryover or capital loss carryover allowable pursuant to section 43-1029, subsection F.

11. The amount of any depreciation allowance allowed pursuant to section 167(a) of the internal revenue code to the extent not previously added.

12. The amount of a nonqualified withdrawal, as defined in section 15-1871, from a college savings plan established pursuant to section 529 of the internal revenue code that is made to a distributee to the extent the amount is not included in computing federal adjusted gross income, except that the amount added under this paragraph shall not exceed the difference between the amount subtracted under section 43-1022 in prior taxable years and the amount added under this section in any prior taxable years.

13. If a subtraction is or has been taken by the taxpayer under section 43-1024, in the current or a prior taxable year for the full amount of eligible access expenditures paid or incurred to comply with the requirements of the Americans with disabilities act of 1990 (P.L. 101-336) or title 41, chapter 9, article 8, any amount of eligible access expenditures that is recognized under the internal revenue code, including

any amount that is amortized according to federal amortization schedules, and that is included in computing taxable income for the current taxable year.

14. For taxable years beginning from and after December 31, 2017, the amount of any net capital loss included in Arizona gross income for the taxable year that is derived from the exchange of one kind of legal tender for another kind of legal tender. For the purposes of this paragraph:

(a) "Legal tender" means a medium of exchange, including specie, that is authorized by the United States Constitution or Congress to pay debts, public charges, taxes and dues.

(b) "Specie" means coins having precious metal content.

15. For taxable years beginning from and after December 31, 2021, the amount deducted by the partnership or S corporation pursuant to the internal revenue code for the amount paid to this state under section 43-1014 and for taxes that the department determines are substantially similar to the tax imposed under section 43-1014. This amount shall be reflected in the partner's or shareholder's Arizona gross income and the partnership's or S corporation's Arizona taxable income.

16. THE AMOUNT OF ANY MOTION PICTURE PRODUCTION COSTS THAT WAS DEDUCTED PURSUANT TO THE INTERNAL REVENUE CODE FOR WHICH A TAX CREDIT IS CLAIMED UNDER SECTION 43-1082.

Sec. 6. Title 43, chapter 10, article 5, Arizona Revised Statutes, is amended by adding section 43-1082, to read:

43-1082. Credit for motion picture production costs; qualifications; data maintenance; rules; definitions

A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2022, A TAX CREDIT IS ALLOWED AGAINST PRODUCTION COSTS PAID BY A MOTION PICTURE PRODUCTION COMPANY IN THIS STATE THAT ARE SUBJECT TO TAXATION BY THIS STATE AND THAT ARE DIRECTLY ATTRIBUTABLE TO A MOTION PICTURE PRODUCTION. THE AMOUNT OF THE CREDIT SHALL BE DETERMINED AS FOLLOWS:

1. AN AMOUNT EQUAL TO A PERCENTAGE OF THE TOTAL AMOUNT OF THE QUALIFIED PRODUCTION COSTS AS APPROVED BY THE ARIZONA COMMERCE AUTHORITY PURSUANT TO SECTION 41-1517 AS FOLLOWS:

(a) FOR A MOTION PICTURE PRODUCTION COMPANY THAT SPENDS UP TO \$10,000,000, FIFTEEN PERCENT.

(b) FOR A MOTION PICTURE PRODUCTION COMPANY THAT SPENDS MORE THAN \$10,000,000 BUT LESS THAN \$35,000,000, SEVENTEEN AND ONE-HALF PERCENT.

(c) FOR A MOTION PICTURE PRODUCTION COMPANY THAT SPENDS MORE THAN \$35,000,000, TWENTY PERCENT.

2. AN ADDITIONAL TWO AND ONE-HALF PERCENT OF THE MOTION PICTURE PRODUCTION COMPANY'S PRODUCTION LABOR COSTS RELATED TO POSITIONS HELD BY RESIDENTS OF THIS STATE AS APPROVED BY THE ARIZONA COMMERCE AUTHORITY PURSUANT TO SECTION 41-1517.

1 3. IF THE MOTION PICTURE PRODUCTION COMPANY EITHER:

2 (a) USES A QUALIFIED PRODUCTION FACILITY IN THIS STATE TO PRODUCE
3 THE MOTION PICTURE PRODUCTION, AN ADDITIONAL TWO AND ONE-HALF PERCENT OF
4 THE TOTAL AMOUNT OF QUALIFIED PRODUCTION COSTS AS APPROVED BY THE ARIZONA
5 COMMERCE AUTHORITY PURSUANT TO SECTION 41-1517.

6 (b) FILMS PRIMARILY ON LOCATION, PRODUCES AND FILMS THE MOTION
7 PICTURE PRODUCTION PRIMARILY IN THIS STATE AND PERFORMS ALL PREPRODUCTION,
8 POSTPRODUCTION AND EDITING AT A QUALIFIED PRODUCTION FACILITY IN THIS
9 STATE, AN ADDITIONAL TWO AND ONE-HALF PERCENT OF THE TOTAL QUALIFIED
10 PRODUCTION COSTS AS APPROVED BY THE ARIZONA COMMERCE AUTHORITY PURSUANT TO
11 SECTION 41-1517.

12 4. AN ADDITIONAL TWO AND ONE-HALF PERCENT OF THE TOTAL AMOUNT OF
13 QUALIFIED PRODUCTION COSTS AS APPROVED BY THE ARIZONA COMMERCE AUTHORITY
14 PURSUANT TO SECTION 41-1517 IF THE MOTION PICTURE PRODUCTION IS PRODUCED
15 AND FILMED IN ASSOCIATION WITH A LONG-TERM TENANT OF A QUALIFIED
16 PRODUCTION FACILITY.

17 B. THE DEPARTMENT MAY NOT ALLOW:

18 1. TAX CREDITS UNDER THIS SECTION AND SECTION 43-1165 IN ANY
19 TAXABLE YEAR THAT EXCEED THE AGGREGATE AMOUNT PRESCRIBED IN SECTION
20 41-1517.

21 2. A TAX CREDIT UNDER THIS SECTION TO A TAXPAYER THAT HAS A
22 DELINQUENT TAX BALANCE OWED TO THE DEPARTMENT UNDER THIS TITLE.

23 C. TO QUALIFY FOR A TAX CREDIT UNDER THIS SECTION, THE MOTION
24 PICTURE PRODUCTION COMPANY MUST:

25 1. DO EITHER OF THE FOLLOWING:

26 (a) USE A QUALIFIED PRODUCTION FACILITY IN THIS STATE TO PRODUCE
27 THE MOTION PICTURE PRODUCTION.

28 (b) IF THE MOTION PICTURE PRODUCTION IS FILMED PRIMARILY ON
29 LOCATION, PRODUCE AND FILM THE MOTION PICTURE PRODUCTION PRIMARILY IN THIS
30 STATE AND PERFORM ALL PREPRODUCTION, POSTPRODUCTION AND EDITING AT A
31 QUALIFIED PRODUCTION FACILITY, IF A QUALIFIED PRODUCTION FACILITY IS
32 AVAILABLE.

33 2. MAINTAIN THE MOTION PICTURE PRODUCTION COMPANY'S FULL-TIME
34 PRODUCTION LABOR POSITIONS IN THIS STATE.

35 3. INCLUDE IN THE CREDITS FOR EACH MOTION PICTURE PRODUCTION AN
36 ACKNOWLEDGMENT THAT THE PRODUCTION WAS FILMED IN ARIZONA.

37 4. RECEIVE PREAPPROVAL AND POSTAPPROVAL FROM THE ARIZONA COMMERCE
38 AUTHORITY PURSUANT TO SECTION 41-1517.

39 D. CO-OWNERS OF A MOTION PICTURE PRODUCTION COMPANY, INCLUDING
40 PARTNERS IN A PARTNERSHIP, MEMBERS OF A LIMITED LIABILITY COMPANY AND
41 SHAREHOLDERS OF AN S CORPORATION, AS DEFINED IN SECTION 1361 OF THE
42 INTERNAL REVENUE CODE, MAY EACH CLAIM THE PRO RATA SHARE OF THE TAX CREDIT
43 ALLOWED UNDER THIS SECTION BASED ON OWNERSHIP INTERESTS. THE TOTAL OF THE
44 TAX CREDITS ALLOWED ALL SUCH OWNERS MAY NOT EXCEED THE AMOUNT THAT WOULD
45 HAVE BEEN ALLOWED A SOLE OWNER.

E. IF THE ALLOWABLE TAX CREDIT FOR A TAXPAYER EXCEEDS THE TAXES OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME, AFTER APPLYING ALL OTHER TAX CREDITS TO WHICH THE CLAIMANT MAY BE ENTITLED AND AFTER ANY SETOFF UNDER SECTION 42-1122, NOTWITHSTANDING SECTION 42-1118, THE EXCESS SHALL BE PAID WITHIN ONE HUNDRED EIGHTY DAYS AFTER RECEIVING THE NOTICE PROVIDED PURSUANT TO SECTION 41-1517, SUBSECTION H AND IN A MANNER PRESCRIBED BY THE DEPARTMENT BY RULE FOR PAYING THE CLAIMANT.

F. THE DEPARTMENT SHALL MAINTAIN ANNUAL DATA ON THE TOTAL AMOUNT OF MONIES CREDITED PURSUANT TO THIS SECTION AND SHALL PROVIDE THE DATA TO THE ARIZONA COMMERCE AUTHORITY ON REQUEST.

G. THE DEPARTMENT SHALL ADOPT FEES AND RULES AND PUBLISH AND PRESCRIBE FORMS AND PROCEDURES AS NECESSARY TO ADMINISTER THIS SECTION AND PROVIDE ADMINISTRATIVE SUPPORT SERVICES.

H. THE TAX CREDIT ALLOWED BY THIS SECTION IS IN LIEU OF ANY ALLOWANCE FOR STATE TAX PURPOSES OF A DEDUCTION OF THOSE EXPENSES ALLOWED BY THE INTERNAL REVENUE CODE.

I. FOR THE PURPOSES OF THIS SECTION:

1. "LONG-TERM TENANT" MEANS A PERSON THAT ENTERS INTO A LEASE OF AT LEAST FIVE YEARS FOR THE USE OF A QUALIFIED PRODUCTION FACILITY.

2. "MOTION PICTURE PRODUCTION" HAS THE SAME MEANING PRESCRIBED IN SECTION 41-1517.

3. "MOTION PICTURE PRODUCTION COMPANY" HAS THE SAME MEANING PRESCRIBED IN SECTION 41-1517.

4. "ON LOCATION" HAS THE SAME MEANING PRESCRIBED IN SECTION 41-1517.

5. "PRODUCTION COSTS" HAS THE SAME MEANING PRESCRIBED IN SECTION 41-1517.

6. "PRODUCTION LABOR" HAS THE SAME MEANING PRESCRIBED IN SECTION 41-1517.

7. "QUALIFIED PRODUCTION FACILITY" HAS THE SAME MEANING PRESCRIBED IN SECTION 41-1517.

Sec. 7. Section 43-1121, Arizona Revised Statutes, is amended to read:

43-1121. Additions to Arizona gross income; corporations

In computing Arizona taxable income for a corporation, the following amounts shall be added to Arizona gross income:

1. The amount of interest income received on obligations of any state, territory or possession of the United States, or any political subdivision thereof, located outside this state, reduced, for taxable years beginning from and after December 31, 1996, by the amount of any interest on indebtedness and other related expenses that were incurred or continued to purchase or carry those obligations and that are not otherwise deducted or subtracted in arriving at Arizona gross income.

2. The excess of a partner's share of partnership taxable income required to be included under chapter 14, article 2 of this title over the income required to be reported under section 702(a)(8) of the internal revenue code.

3. The excess of a partner's share of partnership losses determined pursuant to section 702(a)(8) of the internal revenue code over the losses allowable under chapter 14, article 2 of this title.

4. The amount of any depreciation allowance allowed pursuant to section 167(a) of the internal revenue code to the extent not previously added.

5. The amount of dividend income received from corporations and allowed as a deduction pursuant to sections 243, 245, 245A and 250(a)(1)(B) of the internal revenue code.

6. Taxes that are based on income paid to states, local governments or foreign governments and that were deducted in computing federal taxable income.

7. Expenses and interest relating to tax-exempt income on indebtedness incurred or continued to purchase or carry obligations the interest on which is wholly exempt from the tax imposed by this title. Financial institutions, as defined in section 6-101, shall be governed by section 43-961, paragraph 2.

8. Commissions, rentals and other amounts paid or accrued to a domestic international sales corporation controlled by the payor corporation if the domestic international sales corporation is not required to report its taxable income to this state because its income is not derived from or attributable to sources within this state. If the domestic international sales corporation is subject to article 4 of this chapter, the department shall prescribe by rule the method of determining the portion of the commissions, rentals and other amounts that are paid or accrued to the controlled domestic international sales corporation and that shall be deducted by the payor. For the purposes of this paragraph, "control" means direct or indirect ownership or control of fifty percent or more of the voting stock of the domestic international sales corporation by the payor corporation.

9. The amount of net operating loss taken pursuant to section 172 of the internal revenue code.

10. The amount of exploration expenses determined pursuant to section 617 of the internal revenue code to the extent that they exceed \$75,000 and to the extent that the election is made to defer those expenses not in excess of \$75,000.

11. Amortization of costs incurred to install pollution control devices and deducted pursuant to the internal revenue code or the amount of deduction for depreciation taken pursuant to the internal revenue code on pollution control devices for which an election is made pursuant to section 43-1129.

12. The amount of depreciation or amortization of costs of child care facilities deducted pursuant to section 167 or 188 of the internal revenue code for which an election is made to amortize pursuant to section 43-1130.

13. The loss of an insurance company that is exempt under section 43-1201 to the extent that it is included in computing Arizona gross income on a consolidated return pursuant to section 43-947.

14. The amount by which the depreciation or amortization computed under the internal revenue code with respect to property for which a credit was taken under section 43-1169 exceeds the amount of depreciation or amortization computed pursuant to the internal revenue code on the Arizona adjusted basis of the property.

15. The amount by which the adjusted basis computed under the internal revenue code with respect to property for which a credit was claimed under section 43-1169 and that is sold or otherwise disposed of during the taxable year exceeds the adjusted basis of the property computed under section 43-1169.

16. The amount by which the depreciation or amortization computed under the internal revenue code with respect to property for which a credit was taken under section 43-1170 exceeds the amount of depreciation or amortization computed pursuant to the internal revenue code on the Arizona adjusted basis of the property.

17. The amount by which the adjusted basis computed under the internal revenue code with respect to property for which a credit was claimed under section 43-1170 and that is sold or otherwise disposed of during the taxable year exceeds the adjusted basis of the property computed under section 43-1170.

18. The deduction referred to in section 1341(a)(4) of the internal revenue code for restoration of a substantial amount held under a claim of right.

19. The amount by which a capital loss carryover allowable pursuant to section 1341(b)(5) of the internal revenue code exceeds the capital loss carryover allowable pursuant to section 43-1130.01, subsection F.

20. Any wage expenses deducted pursuant to the internal revenue code for which a credit is claimed under section 43-1175 and representing net increases in qualified employment positions for employment of temporary assistance for needy families recipients.

21. Any amount of expenses that were deducted pursuant to the internal revenue code and for which a credit is claimed under section 43-1178.

22. Any amount deducted pursuant to section 170 of the internal revenue code representing contributions to a school tuition organization for which a credit is claimed under section 43-1183 or 43-1184.

23. If a subtraction is or has been taken by the taxpayer under section 43-1124, in the current or a prior taxable year for the full

amount of eligible access expenditures paid or incurred to comply with the requirements of the Americans with disabilities act of 1990 (P.L. 101-336) or title 41, chapter 9, article 8, any amount of eligible access expenditures that is recognized under the internal revenue code, including any amount that is amortized according to federal amortization schedules, and that is included in computing Arizona taxable income for the current taxable year.

24. For taxable years beginning from and after December 31, 2017, the amount of any net capital loss included in Arizona gross income for the taxable year that is derived from the exchange of one kind of legal tender for another kind of legal tender. For the purposes of this paragraph:

(a) "Legal tender" means a medium of exchange, including specie, that is authorized by the United States Constitution or Congress to pay debts, public charges, taxes and dues.

(b) "Specie" means coins having precious metal content.

25. The amount of any deduction that is claimed in computing Arizona gross income and that represents a donation of a school site for which a credit is claimed under section 43-1181.

26. THE AMOUNT OF ANY MOTION PICTURE PRODUCTION COSTS THAT WAS DEDUCTED PURSUANT TO THE INTERNAL REVENUE CODE FOR WHICH A TAX CREDIT IS CLAIMED UNDER SECTION 43-1165.

Sec. 8. Title 43, chapter 11, article 6, Arizona Revised Statutes, is amended by adding section 43-1165, to read:

43-1165. Credit for motion picture production costs; qualifications; data maintenance; rules; definitions

A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2022, A TAX CREDIT IS ALLOWED AGAINST PRODUCTION COSTS PAID BY A MOTION PICTURE PRODUCTION COMPANY IN THIS STATE THAT ARE SUBJECT TO TAXATION BY THIS STATE AND THAT ARE DIRECTLY ATTRIBUTABLE TO A MOTION PICTURE PRODUCTION. THE AMOUNT OF THE CREDIT SHALL BE DETERMINED AS FOLLOWS:

1. AN AMOUNT EQUAL TO A PERCENTAGE OF THE TOTAL AMOUNT OF THE QUALIFIED PRODUCTION COSTS AS APPROVED BY THE ARIZONA COMMERCE AUTHORITY PURSUANT TO SECTION 41-1517 AS FOLLOWS:

(a) FOR A MOTION PICTURE PRODUCTION COMPANY THAT SPENDS UP TO \$10,000,000, FIFTEEN PERCENT.

(b) FOR A MOTION PICTURE PRODUCTION COMPANY THAT SPENDS MORE THAN \$10,000,000 BUT LESS THAN \$35,000,000, SEVENTEEN AND ONE-HALF PERCENT.

(c) FOR A MOTION PICTURE PRODUCTION COMPANY THAT SPENDS MORE THAN \$35,000,000, TWENTY PERCENT.

2. AN ADDITIONAL TWO AND ONE-HALF PERCENT OF THE MOTION PICTURE PRODUCTION COMPANY'S PRODUCTION LABOR COSTS RELATED TO POSITIONS HELD BY RESIDENTS OF THIS STATE AS APPROVED BY THE ARIZONA COMMERCE AUTHORITY PURSUANT TO SECTION 41-1517.

1 3. IF THE MOTION PICTURE PRODUCTION COMPANY EITHER:

2 (a) USES A QUALIFIED PRODUCTION FACILITY IN THIS STATE TO PRODUCE
3 THE MOTION PICTURE PRODUCTION, AN ADDITIONAL TWO AND ONE-HALF PERCENT OF
4 THE TOTAL AMOUNT OF QUALIFIED PRODUCTION COSTS AS APPROVED BY THE ARIZONA
5 COMMERCE AUTHORITY PURSUANT TO SECTION 41-1517.

6 (b) FILMS PRIMARILY ON LOCATION, PRODUCES AND FILMS THE MOTION
7 PICTURE PRODUCTION PRIMARILY IN THIS STATE AND PERFORMS ALL PREPRODUCTION,
8 POSTPRODUCTION AND EDITING AT A QUALIFIED PRODUCTION FACILITY IN THIS
9 STATE, AN ADDITIONAL TWO AND ONE-HALF PERCENT OF THE TOTAL QUALIFIED
10 PRODUCTION COSTS AS APPROVED BY THE ARIZONA COMMERCE AUTHORITY PURSUANT TO
11 SECTION 41-1517.

12 4. AN ADDITIONAL TWO AND ONE-HALF PERCENT OF THE TOTAL AMOUNT OF
13 QUALIFIED PRODUCTION COSTS AS APPROVED BY THE ARIZONA COMMERCE AUTHORITY
14 PURSUANT TO SECTION 41-1517 IF THE MOTION PICTURE PRODUCTION IS PRODUCED
15 AND FILMED IN ASSOCIATION WITH A LONG-TERM TENANT OF A QUALIFIED
16 PRODUCTION FACILITY.

17 B. THE DEPARTMENT MAY NOT ALLOW:

18 1. TAX CREDITS UNDER THIS SECTION AND SECTION 43-1082 IN ANY
19 TAXABLE YEAR THAT EXCEED THE AGGREGATE AMOUNT PRESCRIBED IN SECTION
20 41-1517.

21 2. A TAX CREDIT UNDER THIS SECTION TO A TAXPAYER THAT HAS A
22 DELINQUENT TAX BALANCE OWED TO THE DEPARTMENT UNDER THIS TITLE.

23 C. TO QUALIFY FOR A TAX CREDIT UNDER THIS SECTION, THE MOTION
24 PICTURE PRODUCTION COMPANY MUST:

25 1. DO EITHER OF THE FOLLOWING:

26 (a) USE A QUALIFIED PRODUCTION FACILITY IN THIS STATE TO PRODUCE
27 THE MOTION PICTURE PRODUCTION.

28 (b) IF THE MOTION PICTURE PRODUCTION IS FILMED PRIMARILY ON
29 LOCATION, PRODUCE AND FILM THE MOTION PICTURE PRODUCTION PRIMARILY IN THIS
30 STATE AND PERFORM ALL PREPRODUCTION, POSTPRODUCTION AND EDITING AT A
31 QUALIFIED PRODUCTION FACILITY, IF A QUALIFIED PRODUCTION FACILITY IS
32 AVAILABLE.

33 2. MAINTAIN THE MOTION PICTURE PRODUCTION COMPANY'S FULL-TIME
34 PRODUCTION LABOR POSITIONS IN THIS STATE.

35 3. INCLUDE IN THE CREDITS FOR EACH MOTION PICTURE PRODUCTION AN
36 ACKNOWLEDGMENT THAT THE PRODUCTION WAS FILMED IN ARIZONA.

37 4. RECEIVE PREAPPROVAL AND POSTAPPROVAL FROM THE ARIZONA COMMERCE
38 AUTHORITY PURSUANT TO SECTION 41-1517.

39 D. CO-OWNERS OF A MOTION PICTURE PRODUCTION COMPANY, INCLUDING
40 CORPORATE PARTNERS IN A PARTNERSHIP, MAY EACH CLAIM THE PRO RATA SHARE OF
41 THE TAX CREDIT ALLOWED UNDER THIS SECTION BASED ON OWNERSHIP INTEREST. THE
42 TOTAL OF THE TAX CREDITS ALLOWED ALL SUCH OWNERS MAY NOT EXCEED THE AMOUNT
43 THAT WOULD HAVE BEEN ALLOWED A SOLE OWNER.

1 E. IF THE ALLOWABLE TAX CREDIT FOR A TAXPAYER EXCEEDS THE TAXES
2 OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME, AFTER APPLYING
3 ALL OTHER TAX CREDITS TO WHICH THE CLAIMANT MAY BE ENTITLED AND AFTER ANY
4 SETOFF UNDER SECTION 42-1122, NOTWITHSTANDING SECTION 42-1118, THE EXCESS
5 SHALL BE PAID WITHIN ONE HUNDRED EIGHTY DAYS AFTER RECEIVING THE NOTICE
6 PROVIDED PURSUANT TO SECTION 41-1517, SUBSECTION H AND IN A MANNER
7 PRESCRIBED BY THE DEPARTMENT BY RULE FOR PAYING THE CLAIMANT.

8 F. THE DEPARTMENT SHALL MAINTAIN ANNUAL DATA ON THE TOTAL AMOUNT OF
9 MONIES CREDITED PURSUANT TO THIS SECTION AND SHALL PROVIDE THE DATA TO THE
10 ARIZONA COMMERCE AUTHORITY ON REQUEST.

11 G. THE DEPARTMENT SHALL ADOPT FEES AND RULES AND PUBLISH AND
12 PRESCRIBE FORMS AND PROCEDURES AS NECESSARY TO ADMINISTER THIS SECTION AND
13 PROVIDE ADMINISTRATIVE SUPPORT SERVICES.

14 H. THE TAX CREDIT ALLOWED BY THIS SECTION IS IN LIEU OF ANY
15 ALLOWANCE FOR STATE TAX PURPOSES OF A DEDUCTION OF THOSE EXPENSES ALLOWED
16 BY THE INTERNAL REVENUE CODE.

17 I. FOR THE PURPOSES OF THIS SECTION:

18 1. "LONG-TERM TENANT" MEANS A PERSON THAT ENTERS INTO A LEASE OF AT
19 LEAST FIVE YEARS FOR THE USE OF A QUALIFIED PRODUCTION FACILITY.

20 2. "MOTION PICTURE PRODUCTION" HAS THE SAME MEANING PRESCRIBED IN
21 SECTION 41-1517.

22 3. "MOTION PICTURE PRODUCTION COMPANY" HAS THE SAME MEANING
23 PRESCRIBED IN SECTION 41-1517.

24 4. "ON LOCATION" HAS THE SAME MEANING PRESCRIBED IN SECTION
25 41-1517.

26 5. "PRODUCTION COSTS" HAS THE SAME MEANING PRESCRIBED IN SECTION
27 41-1517.

28 6. "PRODUCTION LABOR" HAS THE SAME MEANING PRESCRIBED IN SECTION
29 41-1517.

30 7. "QUALIFIED PRODUCTION FACILITY" HAS THE SAME MEANING PRESCRIBED
31 IN SECTION 41-1517.

32 Sec. 9. Exemption from rulemaking

33 Notwithstanding any other law, for the purposes of this act, the
34 Arizona commerce authority and the department of revenue are exempt from
35 the rulemaking requirements of title 41, chapter 6, Arizona Revised
36 Statutes, for one year after the effective date of this act.

37 Sec. 10. Purpose

38 Pursuant to section 43-223, Arizona Revised Statutes, the
39 legislature enacts sections 43-1082 and 43-1165, Arizona Revised Statutes,
40 as added by this act, to create a competitive motion picture production
41 industry presence and market in this state that will develop a substantial
42 motion picture production industry workforce and encourage major capital
43 investment in qualified production facilities in this state.