



**ARIZONA STATE SENATE**  
*Fifty-Fifth Legislature, Second Regular Session*

FACT SHEET FOR S.B. 1222

exempt property; tax credit; proceeds

Purpose

Exempts a specified amount of the refundable portions of the federal Earned Income Tax Credit (EITC) and the federal Child Tax Credit from specified actions to collect a debt.

Background

Statute outlines personal property exemptions from the bankruptcy process and other actions to collect from a debtor. The exemptions include specified amounts of money or proceeds ([A.R.S. Title 33, Chapter 8, Article 2](#) and [A.R.S. § 33-1125](#)).

The federal EITC provides a refundable tax credit against individual income tax liability for a low-income or moderate-income individual or family. The amount of the federal EITC is based on a taxpayer's marital status, adjusted gross income and number of qualifying children and is fully refundable ([26 U.S.C. § 32](#)).

The federal Child Tax Credit provides a refundable tax credit against individual income tax liability for a taxpayer with a qualifying child or children. The maximum amount of the federal Child Tax Credit is \$2,000 per qualifying child and up to \$1,400 is refundable for each qualifying child ([26 U.S.C. § 24](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Exempts, from execution, attachment or sale on any process issued from any court or any other judicial remedy provided for the collection of debts:
  - a) the refundable portion of any federal personal income tax credits from the federal EITC; and
  - b) any additional refundable portion of the federal Child Tax Credit.
2. Sets the amount of the exemption at the lesser of the total tax refund or the combined amount of the claimed federal EITC and federal Child Tax Credit.
3. Makes technical changes.
4. Becomes effective on the general effective date.