

REFERENCE TITLE: income tax; reduction; budget surplus

State of Arizona
Senate
Fifty-sixth Legislature
First Regular Session
2023

SB 1203

Introduced by
Senator Kaiser

AN ACT

AMENDING TITLE 41, CHAPTER 7, ARTICLE 10, ARIZONA REVISED STATUTES, BY
ADDING SECTION 41-1275; AMENDING TITLE 43, CHAPTER 10, ARTICLE 2, ARIZONA
REVISED STATUTES, BY ADDING SECTION 43-1015; RELATING TO INCOME TAX.

(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 7, article 10, Arizona Revised
3 Statutes, is amended by adding section 41-1275, to read:

4 41-1275. Budget surplus; notice; definition

5 A. BEGINNING FISCAL YEAR 2023-2024 AND EACH FISCAL YEAR THEREAFTER
6 UNTIL THE INCOME TAX RATE ADJUSTED PURSUANT TO SECTION 43-1015 IS ZERO,
7 THE JOINT LEGISLATIVE BUDGET COMMITTEE SHALL NOTIFY THE DEPARTMENT OF
8 REVENUE IF THERE IS A BUDGET SURPLUS IN A FISCAL YEAR AND, IF SO, THE
9 AMOUNT OF THE BUDGET SURPLUS.

10 B. FOR THE PURPOSES OF THIS SECTION, "BUDGET SURPLUS" MEANS THE
11 AMOUNT IN WHICH ONGOING STATE GENERAL FUND REVENUES EXCEED ONGOING STATE
12 GENERAL FUND EXPENDITURES.

13 Sec. 2. Title 43, chapter 10, article 2, Arizona Revised Statutes,
14 is amended by adding section 43-1015, to read:

15 43-1015. Individual income tax rate reduction

16 ON RECEIPT OF THE FIRST NOTICE PROVIDED TO THE DEPARTMENT PURSUANT
17 TO SECTION 41-1275, THE DEPARTMENT SHALL REDUCE THE INCOME TAX RATE
18 PRESCRIBED BY SECTION 43-1011, SUBSECTION A, PARAGRAPH 9 FOR THE TAXABLE
19 YEAR AFTER THE YEAR IN WHICH THE NOTICE IS PROVIDED SUCH THAT THE AMOUNT
20 OF THE OVERALL RATE REDUCTION IS EQUAL TO FIFTY PERCENT OF THE BUDGET
21 SURPLUS PROVIDED IN THE NOTICE. ON RECEIPT OF ANY SUBSEQUENT NOTICE
22 PROVIDED PURSUANT TO SECTION 41-1275, THE DEPARTMENT SHALL FURTHER REDUCE
23 THE INCOME TAX RATE FROM THE PRIOR TAXABLE YEAR FOR THE TAXABLE YEAR AFTER
24 THE YEAR IN WHICH THE NOTICE IS PROVIDED SUCH THAT THE AMOUNT OF THE
25 OVERALL RATE REDUCTION IS EQUAL TO FIFTY PERCENT OF THE BUDGET SURPLUS
26 PROVIDED IN THE NOTICE UNTIL THE TAX RATE IS ZERO PERCENT OF TAXABLE
27 INCOME.