Senate Engrossed

surplus; income tax rate; reduction

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SENATE CONCURRENT RESOLUTION 1014

A CONCURRENT RESOLUTION

ENACTING AND ORDERING THE SUBMISSION TO THE PEOPLE OF A MEASURE RELATING TO INCOME TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it resolved by the Senate of the State of Arizona, the House of Representatives concurring:

1. Under the power of the referendum, as vested in the Legislature, the following measure, relating to income tax, is enacted to become valid as a law if approved by the voters and on proclamation of the Governor:

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.

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

Section 1. Title 41, chapter 7, article 10, Arizona Revised Statutes, is amended by adding section 41-1275, to read:

41-1275. Annual ongoing state general fund revenue; joint legislative budget committee determination; definitions

A. FOR FISCAL YEAR 2027-2028 AND FOR EACH FISCAL YEAR THEREAFTER, THE JOINT LEGISLATIVE BUDGET COMMITTEE SHALL DETERMINE THE FOLLOWING:

1. THE GROWTH LIMIT AND THE AMOUNT OF EXCESS STATE TAX COLLECTIONS.

2. IF ONGOING STATE GENERAL FUND REVENUES ARE MORE THAN THE GROWTH LIMIT, THE STRUCTURAL SURPLUS AND THE ARIZONA TAXPAYER RETURN.

B. FOR THE PURPOSES OF THIS SECTION:

1. "ARIZONA TAXPAYER RETURN" MEANS FIFTY PERCENT OF THE STRUCTURAL SURPLUS FOR THE IMMEDIATELY FOLLOWING FISCAL YEAR.

2. "EXCESS STATE TAX COLLECTIONS" MEANS THE AMOUNT OF ONGOING STATE GENERAL FUND REVENUES THAT EXCEED THE GROWTH LIMIT FOR THE IMMEDIATELY FOLLOWING FISCAL YEAR.

3. "GROWTH LIMIT" MEANS THE ONGOING STATE GENERAL FUND REVENUES FOR FISCAL YEAR 2026-2027 AS DETERMINED BY THE JOINT LEGISLATIVE BUDGET COMMITTEE, ANNUALLY INCREASED BY THE SUM OF THE PERCENTAGE CHANGE IN INFLATION PLUS THE PERCENTAGE CHANGE IN POPULATION GROWTH.

4. "INFLATION" MEANS THE AVERAGE ANNUAL CHANGE IN THE METROPOLITAN PHOENIX CONSUMER PRICE INDEX PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, FOR THE MOST RECENTLY ENDED CALENDAR YEAR.

5. "POPULATION GROWTH" MEANS THE YEAR-OVER-YEAR CHANGE IN TOTAL POPULATION FOR THIS STATE FOR THE MOST RECENTLY ENDED CALENDAR YEAR AS ESTIMATED BY THE UNITED STATES CENSUS BUREAU.

6. "STRUCTURAL SURPLUS" MEANS THE DIFFERENCE BETWEEN ONGOING STATE GENERAL FUND REVENUES AND ONGOING STATE GENERAL

FUND EXPENDITURES AFTER ADJUSTING FOR REVENUE AND EXPENDITURE INCREASES AS ESTIMATED BY THE JOINT LEGISLATIVE BUDGET COMMITTEE.

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

43-1015. Individual income tax rate reduction

FOR EACH TAXABLE YEAR BEGINNING FROM AND AFTER DECEMBER 31, 2027, THE DEPARTMENT SHALL REDUCE THE TAX RATE PRESCRIBED BY SECTION 43-1011 FOR THE CURRENT TAXABLE YEAR SO THAT THE AMOUNT OF THE RATE REDUCTION IS EQUAL TO THE ARIZONA TAXPAYER RETURN AS DEFINED IN SECTION 41-1275 FOR THAT TAXABLE YEAR.

2. The Secretary of State shall submit this proposition to the voters at the next general election as provided by article IV, part 1, section 1, Constitution of Arizona.