REFERENCE TITLE: income tax; credit; savings plans

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HB 2418

Introduced by
Representatives Kolodin: Hendrix, Keshel

AN ACT

AMENDING SECTION 43-222, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1080; RELATING TO INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 43-222, Arizona Revised Statutes, is amended to read:

43-222. Income tax credit review schedule

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

1. For years ending in 0 and 5, sections 43-1079.01, 43-1080, 43-1088, 43-1089.04, 43-1167.01 and 43-1175.

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

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

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

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

Sec. 2. Title 43, chapter 10, article 5, Arizona Revised Statutes, is amended by adding section 43-1080, to read:

43-1080. Credit for contributions to college savings plans

A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2025, A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR CONTRIBUTIONS MADE DURING THE TAXABLE YEAR TO A COLLEGE SAVINGS PLAN ESTABLISHED PURSUANT TO SECTION 529 OF THE INTERNAL REVENUE CODE ON BEHALF OF A DESIGNATED BENEFICIARY. EXCEPT AS PROVIDED BY SUBSECTION B OF THIS SECTION, THE AMOUNT OF THE CREDIT IS THE AMOUNT CONTRIBUTED ON BEHALF OF A DESIGNATED BENEFICIARY NOT TO EXCEED $5,000 PER BENEFICIARY.

B. FOR EACH TAXABLE YEAR BEGINNING FROM AND AFTER DECEMBER 31, 2026, THE DEPARTMENT SHALL ADJUST THE DOLLAR AMOUNT PRESCRIBED BY SUBSECTION A OF THIS SECTION ACCORDING TO THE AVERAGE ANNUAL CHANGE IN THE METROPOLITAN PHOENIX CONSUMER PRICE INDEX PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, EXCEPT THAT THE DOLLAR AMOUNT MAY NOT BE REVISED DOWNWARD BELOW THE AMOUNT ALLOWED IN THE PRIOR TAXABLE YEAR. THE REVISED DOLLAR AMOUNT SHALL BE RAISED TO THE NEAREST WHOLE DOLLAR.

C. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS TITLE, THE TAXPAYER MAY CARRY FORWARD THE AMOUNT OF THE CLAIM NOT USED TO OFFSET THE TAXES UNDER THIS TITLE FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE YEARS' INCOME TAX LIABILITY.

D. A TAXPAYER MAY NOT CLAIM A CREDIT ALLOWED UNDER THIS SECTION AND THE SUBTRACTION ALLOWED UNDER SECTION 43-1022, PARAGRAPH 19 WITH RESPECT TO THE SAME CONTRIBUTION. IF A TAXPAYER'S CONTRIBUTION EXCEEDS THE AMOUNT

OF THE SUBTRACTION ALLOWED UNDER SECTION 43-1022, PARAGRAPH 19, A TAXPAYER MAY CLAIM THE EXCESS AMOUNT AS A CREDIT UNDER THIS SECTION.

Sec. 3. Purpose

Pursuant to section 43-223, Arizona Revised Statutes, the legislature enacts section 43-1080, Arizona Revised Statutes, as added by this act, to support taxpayers in this state who are saving for higher education expenses.