

REFERENCE TITLE: income tax; rate; reduction

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

HCR 2012

Introduced by
Representatives Kolodin: Biasiucci, Carter N, Chaplik, Fink, Heap, Keshel,
Marshall, Peña, Pingerelli; Senator Hoffman

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 House of Representatives of the State of Arizona,
the Senate 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 SECTION 43-1011, ARIZONA REVISED STATUTES, AS AMENDED
BY LAWS 2021, CHAPTER 412, SECTION 15; AMENDING SECTIONS
43-1311 AND 43-1711, ARIZONA REVISED STATUTES; RELATING TO
INCOME TAX.

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

Section 1. Section 43-1011, Arizona Revised Statutes,
as amended by Laws 2021, chapter 412, section 15, is amended
to read:

43-1011. Taxes and tax rates

A. There shall be levied, collected and paid for each
taxable year on the entire taxable income of every resident of
this state and on the entire taxable income of every
nonresident that is derived from sources within this state
taxes determined in the following manner:

1. For taxable years beginning from and after December
31, 1996 through December 31, 1997:

(a) In the case of a single person or a married person
filing separately:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$10,000	2.90% of taxable income
\$10,001 – \$25,000	\$290, plus 3.30% of the excess over \$10,000
\$25,001 – \$50,000	\$785, plus 3.90% of the excess over \$25,000
\$50,001 – \$150,000	\$1,760, plus 4.80% of the excess over \$50,000
\$150,001 and over	\$6,560, plus 5.17% of the excess over \$150,000

(b) In the case of a married couple filing a joint
return or a single person who is a head of a household:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$20,000	2.90% of taxable income
\$20,001 – \$50,000	\$580, plus 3.30% of the excess over \$20,000
\$50,001 – \$100,000	\$1,570, plus 3.90% of the excess over \$50,000
\$100,001 – \$300,000	\$3,520, plus 4.80% of the excess over \$100,000

1	\$300,001 and over	\$13,120, plus 5.17% of the
2		excess over \$300,000

3 2. For taxable years beginning from and after December
4 31, 1997 through December 31, 1998:

5 (a) In the case of a single person or a married person
6 filing separately:

7	<u>If taxable income is:</u>	<u>The tax is:</u>
8	\$0 – \$10,000	2.88% of taxable income
9	\$10,001 – \$25,000	\$288, plus 3.24% of the
10		excess over \$10,000
11	\$25,001 – \$50,000	\$774, plus 3.82% of the
12		excess over \$25,000
13	\$50,001 – \$150,000	\$1,729, plus 4.74% of the
14		excess over \$50,000
15	\$150,001 and over	\$6,469, plus 5.10% of the
16		excess over \$150,000

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

19	<u>If taxable income is:</u>	<u>The tax is:</u>
20	\$0 – \$20,000	2.88% of taxable income
21	\$20,001 – \$50,000	\$576, plus 3.24% of the
22		excess over \$20,000
23	\$50,001 – \$100,000	\$1,548, plus 3.82% of the
24		excess over \$50,000
25	\$100,001 – \$300,000	\$3,458, plus 4.74% of the
26		excess over \$100,000
27	\$300,001 and over	\$12,938, plus 5.10% of the
28		excess over \$300,000

29 3. For taxable years beginning from and after December
30 31, 1998 through December 31, 2005:

31 (a) In the case of a single person or a married person
32 filing separately:

33	<u>If taxable income is:</u>	<u>The tax is:</u>
34	\$0 – \$10,000	2.87% of taxable income
35	\$10,001 – \$25,000	\$287, plus 3.20% of the
36		excess over \$10,000
37	\$25,001 – \$50,000	\$767, plus 3.74% of the
38		excess over \$25,000
39	\$50,001 – \$150,000	\$1,702, plus 4.72% of the
40		excess over \$50,000
41	\$150,001 and over	\$6,422, plus 5.04% of the
42		excess over \$150,000

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$20,000	2.87% of taxable income
\$20,001 – \$50,000	\$574, plus 3.20% of the excess over \$20,000
\$50,001 – \$100,000	\$1,534, plus 3.74% of the excess over \$50,000
\$100,001 – \$300,000	\$3,404, plus 4.72% of the excess over \$100,000
\$300,001 and over	\$12,844, plus 5.04% of the excess over \$300,000

4. For taxable years beginning from and after December 31, 2005 through December 31, 2006:

(a) In the case of a single person or a married person filing separately:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$10,000	2.73% of taxable income
\$10,001 – \$25,000	\$273, plus 3.04% of the excess over \$10,000
\$25,001 – \$50,000	\$729, plus 3.55% of the excess over \$25,000
\$50,001 – \$150,000	\$1,617, plus 4.48% of the excess over \$50,000
\$150,001 and over	\$6,097, plus 4.79% of the excess over \$150,000

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$20,000	2.73% of taxable income
\$20,001 – \$50,000	\$546, plus 3.04% of the excess over \$20,000
\$50,001 – \$100,000	\$1,458, plus 3.55% of the excess over \$50,000
\$100,001 – \$300,000	\$3,233, plus 4.48% of the excess over \$100,000
\$300,001 and over	\$12,193, plus 4.79% of the excess over \$300,000

5. Subject to subsections B and C of this section, for taxable years beginning from and after December 31, 2006 through December 31, 2018:

(a) In the case of a single person or a married person filing separately:

1	<u>If taxable income is:</u>	<u>The tax is:</u>
2	\$0 – \$10,000	2.59% of taxable income
3	\$10,001 – \$25,000	\$259, plus 2.88% of the
4		excess over \$10,000
5	\$25,001 – \$50,000	\$691, plus 3.36% of the
6		excess over \$25,000
7	\$50,001 – \$150,000	\$1,531, plus 4.24% of the
8		excess over \$50,000
9	\$150,001 and over	\$5,771, plus 4.54% of the
10		excess over \$150,000
11	(b) In the case of a married couple filing a joint	
12	return or a single person who is a head of a household:	
13	<u>If taxable income is:</u>	<u>The tax is:</u>
14	\$0 – \$20,000	2.59% of taxable income
15	\$20,001 – \$50,000	\$518, plus 2.88% of the
16		excess over \$20,000
17	\$50,001 – \$100,000	\$1,382, plus 3.36% of the
18		excess over \$50,000
19	\$100,001 – \$300,000	\$3,062, plus 4.24% of the
20		excess over \$100,000
21	\$300,001 and over	\$11,542, plus 4.54% of the
22		excess over \$300,000
23	6. Subject to subsections D and E of this section, for	
24	taxable years beginning from and after December 31, 2018	
25	through December 31, 2021:	
26	(a) In the case of a single person or a married person	
27	filing separately:	
28	<u>If taxable income is:</u>	<u>The tax is:</u>
29	\$0 – \$26,500	2.59% of taxable income
30	\$26,501 – \$53,000	\$686, plus 3.34% of the
31		amount over \$26,500
32	\$53,001 – \$159,000	\$1,571, plus 4.17% of the
33		amount over \$53,000
34	\$159,001 and over	\$5,991, plus 4.50% of the
35		amount over \$159,000
36	(b) In the case of a married couple filing a joint	
37	return or a single person who is a head of a household:	
38	<u>If taxable income is:</u>	<u>The tax is:</u>
39	\$0 – \$53,000	2.59% of taxable income
40	\$53,001 – \$106,000	\$1,373, plus 3.34% of the
41		amount over \$53,000
42	\$106,001 – \$318,000	\$3,143, plus 4.17% of the
43		amount over \$106,000
44	\$318,001 and over	\$11,983, plus 4.50% of the
45		amount over \$318,000

7. Subject to ~~subsections~~ SUBSECTION E ~~and F~~ of this section, for taxable years beginning from and after December 31, 2021 through December 31 of the year in which notice is provided to the department pursuant to section 43-243, subsection A or subsection B, paragraph 1:

(a) In the case of a single person or a married person filing separately:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$27,272	2.55% of taxable income
\$27,273 and over	\$695, plus 2.98% of the amount over \$27,272

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$54,544	2.55% of taxable income
\$54,545 and over	\$1,391, plus 2.98% of the amount over \$54,544

8. Subject to ~~subsections~~ SUBSECTION E ~~and F~~ of this section, for taxable years beginning from and after December 31 of the year in which notice is provided to the department pursuant to section 43-243, subsection A or subsection B, paragraph 1 through December 31 of the year in which notice is provided to the department pursuant to section 43-243, subsection B, paragraph 2:

(a) In the case of a single person or a married person filing separately:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$27,272	2.53% of taxable income
\$27,273 and over	\$690, plus 2.75% of the amount over \$27,272

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$54,544	2.53% of taxable income
\$54,545 and over	\$1,380, plus 2.75% of the amount over \$54,544

9. ~~Subject to subsection F of this section,~~ For taxable years beginning from and after December 31, ~~of the year in which notice is provided to the department pursuant to section 43-243, subsection B, paragraph 2,~~ 2022 THROUGH DECEMBER 31, 2026, the tax is 2.5% of taxable income.

10. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2026, THE TAX IS 2% OF TAXABLE INCOME.

B. For the taxable year beginning from and after December 31, 2014 through December 31, 2015, the department

1 shall adjust the income dollar amounts for each rate bracket
2 prescribed by subsection A, paragraph 5 of this section
3 according to the average annual change in the metropolitan
4 Phoenix consumer price index published by the United States
5 department of labor, bureau of labor statistics. The revised
6 dollar amounts shall be raised to the nearest whole
7 dollar. The income dollar amounts for each rate bracket may
8 not be revised below the amounts prescribed in the prior
9 taxable year.

10 C. For each taxable year beginning from and after
11 December 31, 2015 through December 31, 2018, the department
12 shall adjust the income dollar amounts for each rate bracket
13 prescribed by subsection A, paragraph 5 of this section
14 according to the average annual change in the metropolitan
15 Phoenix consumer price index published by the United States
16 department of labor, bureau of labor statistics. The revised
17 dollar amounts shall be raised to the nearest whole
18 dollar. The income dollar amounts for each rate bracket may
19 not be revised below the amounts prescribed in the prior
20 taxable year.

21 D. For each taxable year beginning from and after
22 December 31, 2019 through December 31, 2021, the department
23 shall adjust the income dollar amount for each rate bracket
24 prescribed by subsection A, paragraph 6 of this section
25 according to the average annual change in the metropolitan
26 Phoenix consumer price index published by the United States
27 department of labor, bureau of labor statistics. The revised
28 dollar amounts shall be raised to the nearest whole
29 dollar. The income dollar amounts for each rate bracket may
30 not be revised below the amounts prescribed in the prior
31 taxable year.

32 E. For each taxable year beginning from and after
33 December 31, 2021 **THROUGH DECEMBER 31, 2022**, the department
34 shall adjust the income dollar amount for each rate bracket
35 prescribed by subsection A, paragraphs 7 and 8 of this
36 section, as applicable, according to the average annual change
37 in the metropolitan Phoenix consumer price index published by
38 the United States department of labor, bureau of labor
39 statistics. The revised dollar amounts shall be raised to the
40 nearest whole dollar. The income dollar amounts for each rate
41 bracket may not be revised below the amounts prescribed in the
42 prior taxable year.

1 Sec. 2. Section 43-1311, Arizona Revised Statutes, is
2 amended to read:

3 43-1311. Tax imposed on estates and trusts; rates;
4 annual adjustment

5 A. Except for trusts that are taxable as partnerships
6 or corporations under the internal revenue code, the income of
7 estates or of any kind of property held in trust is subject
8 only to the income tax imposed by subsection B of this
9 section.

10 B. There shall be levied, collected and paid for each
11 taxable year on the entire taxable income of every resident
12 trust of this state and on the entire taxable income of
13 nonresident trust that is derived from sources within this
14 state taxes determined in the following manner:

15 1. For taxable years beginning from and after December
16 31, 2020 through December 31, 2021:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$27,272	2.59% of taxable income
\$27,273 – \$54,544	\$686, plus 3.34% of the amount over \$27,272
\$54,545 – \$163,632	\$1,571, plus 4.17% of the amount over \$54,544
\$163,633 and over	\$5,991, plus 4.50% of the amount over \$163,632

25 2. Subject to subsection C of this section, for taxable
26 years beginning from and after December 31, 2021 through
27 December 31 of the year in which notice is provided to the
28 department pursuant to section 43-244, subsection A or
29 subsection B, paragraph 1:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$27,272	2.55% of taxable income
\$27,273 and over	\$695, plus 2.98% of the amount over \$27,272

34 3. Subject to subsection C of this section, for taxable
35 years beginning from and after December 31 of the year in
36 which notice is provided to the department pursuant to section
37 43-244, subsection A or subsection B, paragraph 1 through
38 December 31 of the year in which notice is provided to the
39 department pursuant to section 43-244, subsection B,
40 paragraph 2:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$27,272	2.53% of taxable income
\$27,273 and over	\$690, plus 2.75% of the amount over \$27,272

1 4. For taxable years beginning from and after December
2 31, ~~of the year in which notice is provided to the department~~
3 ~~pursuant to section 43-244, subsection B, paragraph 2, 2022~~
4 ~~THROUGH DECEMBER 31, 2026~~, the tax is 2.5% of taxable income.

5 5. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER
6 31, 2026, THE TAX IS 2% OF TAXABLE INCOME.

7 C. For each taxable year beginning from and after
8 December 31, 2021 ~~THROUGH DECEMBER 31, 2022~~, the department
9 shall adjust the income dollar amount for each rate bracket
10 prescribed by subsection B, paragraphs 2 and 3 of this
11 section, as applicable, according to the average annual change
12 in the metropolitan Phoenix consumer price index published by
13 the United States department of labor, bureau of labor
14 statistics. The revised dollar amounts shall be raised to the
15 nearest whole dollar. The income dollar amounts for each rate
16 bracket may not be revised below the amounts prescribed in the
17 prior taxable year.

18 Sec. 3. Section 43-1711, Arizona Revised Statutes, is
19 amended to read:

20 43-1711. Taxes and tax rate

21 If an Arizona small business taxpayer makes the election
22 pursuant to section 43-302, there shall be levied, collected
23 and paid for each taxable year on the Arizona small business
24 taxable income taxes as determined in the following manner:

25 1. For taxable years beginning from and after December
26 31, 2020 through December 31, 2021, an amount equal to 3.5% of
27 the Arizona small business taxable income.

28 2. For taxable years beginning from and after December
29 31, 2021 through December 31, 2022, an amount equal to 3.0% of
30 the Arizona small business taxable income.

31 3. For taxable years beginning from and after December
32 31, 2022 ~~THROUGH DECEMBER 31, 2026~~, an amount equal to 2.5% of
33 the Arizona small business taxable income.

34 4. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER
35 31, 2026, AN AMOUNT EQUAL TO 2% OF THE ARIZONA SMALL BUSINESS
36 TAXABLE INCOME.

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