REFERENCE TITLE: tax credit review committee; standard

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

SB 1080

Introduced by
Senators Shamp: Gowan

AN ACT

AMENDING SECTION 43-221, ARIZONA REVISED STATUTES; RELATING TO INCOME TAX CREDIT REVIEW.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 43-221, Arizona Revised Statutes, is amended to read:

43-221. Joint legislative income tax credit review committee; report

A. The joint legislative income tax credit review committee is established consisting of the following members:

1. Five members of the house of representatives ways and means committee appointed by the speaker of the house of representatives. Not more than three appointees shall be of the same political party.

2. Five members of the senate finance committee appointed by the president of the senate. Not more than three appointees shall be of the same political party.

B. The committee shall determine the original purpose of existing tax credits and establish a standard for evaluating and measuring the success or failure of the tax credits. The standard for evaluating tax credits:

1. SHALL INCLUDE:

(a) THE ESTIMATED REVENUE IMPACT OF THE CREDIT.

(b) WHETHER ADEQUATE PROTECTIONS ARE IN PLACE TO ENSURE THE REVENUE IMPACT OF THE CREDIT IN FUTURE YEARS DOES NOT SUBSTANTIALLY INCREASE BEYOND THE ESTIMATED REVENUE IMPACT OF THE CREDIT PROVIDED FOR THE REVIEW.

2. May include:

~~1.~~ (a) The history~~,~~ AND rationale ~~and estimated revenue impact~~ of the credit.

~~2.~~ (b) Whether the credit has provided a benefit to this state including, for corporate tax credits, measurable economic development, new investments, creation of new jobs or retention of existing jobs in this state.

~~3.~~ (c) Whether the credit is unnecessarily complex in the application, administration and approval process.

C. The committee shall review the individual and corporate income tax credits pursuant to the schedule prescribed in section 43-222. The committee shall use the joint legislative budget committee staff and may use the staff of the department of revenue and legislative council for assistance.

D. After completing the review process, the committee shall determine whether the credit should be amended, repealed or retained. If the credit is recommended to be retained or amended, the committee shall recommend that the credit be returned to the income tax credit review schedule prescribed in section 43-222. The next review year shall be the fifth full calendar year following the date the credit was reviewed. The committee shall report its findings and recommendations to the president of the senate, the speaker of the house of representatives and the governor by December 15 of the year that the committee reviews the credit. The committee shall provide a copy of the report to the secretary of state.