

REFERENCE TITLE: **internal revenue code; conformity; deductions.**

State of Arizona  
House of Representatives  
Fifty-seventh Legislature  
Second Regular Session  
2026

# **HB 2153**

Introduced by  
Representatives Olson: Livingston, Montenegro

## AN ACT

AMENDING SECTIONS 42-1001, 43-105, 43-301, 43-323 AND 43-1022, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1030; AMENDING SECTIONS 43-1041, 43-1042 AND 43-1073.01, ARIZONA REVISED STATUTES; AMENDING TITLE 43, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 18; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 42-1001, Arizona Revised Statutes, is amended to  
3 read:

4 **42-1001. Definitions**

5 In this title, unless the context otherwise requires:

6 1. "Board" or "state board" means either the state board of tax  
7 appeals or the state board of equalization, as applicable.

8 2. "Court" means the tax court or superior court, whichever is  
9 applicable.

10 3. "Department" means the department of revenue.

11 4. "Director" means the director of the department.

12 5. "Electronically send" or "send electronically" means to send by  
13 either email or the use of an electronic portal.

14 6. "Electronic portal" means a secure location on a website  
15 established by the department that requires the receiver to enter a  
16 password to access.

17 7. "Email" means:

18 (a) An electronic transmission of a message to an email address.

19 (b) If the message contains confidential information, the  
20 electronic transmission of a message to an email address using encryption  
21 software that requires the receiver to enter a password before the message  
22 can be retrieved and viewed.

23 8. "Internal revenue code" means the United States internal revenue  
24 code of 1986, as amended and in effect as of January 1, ~~2025~~ 2026,  
25 including those provisions that became effective during ~~2024~~ 2025 with the  
26 specific adoption of their retroactive effective dates but excluding all  
27 changes to the code enacted after January 1, ~~2025~~ 2026.

28 Sec. 2. Section 43-105, Arizona Revised Statutes, is amended to  
29 read:

30 **43-105. Internal revenue code; definition; application**

31 A. FOR THE PURPOSES OF COMPUTING INCOME TAX PURSUANT TO THIS TITLE,  
32 FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2025, "INTERNAL  
33 REVENUE CODE" MEANS THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS  
34 AMENDED, IN EFFECT ON JANUARY 1, 2026, INCLUDING THOSE PROVISIONS THAT  
35 BECAME EFFECTIVE DURING 2025 WITH THE SPECIFIC ADOPTION OF ALL RETROACTIVE  
36 EFFECTIVE DATES, BUT EXCLUDING ANY CHANGES TO THE CODE ENACTED AFTER  
37 JANUARY 1, 2026.

38 ~~A.~~ B. For the purposes of computing income tax pursuant to this  
39 title, for taxable years beginning from and after December 31, 2024  
40 THROUGH DECEMBER 31, 2025, "internal revenue code" means the United States  
41 internal revenue code of 1986, as amended, in effect on January 1, 2025,  
42 including those provisions that became effective during 2024 with the  
43 specific adoption of all retroactive effective dates, ~~but excluding any~~  
44 ~~changes to the code enacted after January 1, 2025 AND INCLUDING THOSE~~

1 PROVISIONS THAT ARE RETROACTIVELY EFFECTIVE DURING TAXABLE YEARS BEGINNING  
2 FROM AND AFTER DECEMBER 31, 2024 THROUGH DECEMBER 31, 2025.

3 ~~B.~~ C. For the purposes of computing income tax pursuant to this  
4 title, for taxable years beginning from and after December 31, 2023  
5 through December 31, 2024, "internal revenue code" means the United States  
6 internal revenue code of 1986, as amended, in effect on January 1, 2024,  
7 including those provisions that became effective during 2023 with the  
8 specific adoption of all retroactive effective dates, and including those  
9 provisions that are retroactively effective during taxable years beginning  
10 from and after December 31, 2023 through December 31, 2024.

11 ~~C.~~ D. For the purposes of computing income tax pursuant to this  
12 title, for taxable years beginning from and after December 31,  
13 2022 through December 31, 2023, "internal revenue code" means the United  
14 States internal revenue code of 1986, as amended, in effect on January 1,  
15 2023, including those provisions that became effective during 2022 with  
16 the specific adoption of all retroactive effective dates, and including  
17 those provisions that are retroactively effective during taxable years  
18 beginning from and after December 31, 2022 through December 31, 2023.

19 ~~D.~~ E. For the purposes of computing income tax pursuant to this  
20 title, for taxable years beginning from and after December 31, 2021  
21 through December 31, 2022, "internal revenue code" means the United States  
22 internal revenue code of 1986, as amended, in effect on January 1, 2022,  
23 including those provisions that became effective during 2021 with the  
24 specific adoption of all retroactive effective dates, and including those  
25 provisions of the chips and science act of 2022 (P.L. 117-167), the  
26 inflation reduction act of 2022 (P.L. 117-169) and the consolidated  
27 appropriations act, 2023 (P.L. 117-328) that are retroactively effective  
28 during taxable years beginning from and after December 31, 2021 through  
29 December 31, 2022.

30 ~~E.~~ F. For the purposes of computing income tax pursuant to this  
31 title, for taxable years beginning from and after December 31, 2020  
32 through December 31, 2021, "internal revenue code" means the United States  
33 internal revenue code of 1986, as amended, in effect on March 11, 2021,  
34 including those provisions that became effective during 2020 with the  
35 specific adoption of all retroactive effective dates and including those  
36 provisions of the PPP extension act of 2021 (P.L. 117-6) and the  
37 infrastructure investment and jobs act (P.L. 117-58) that are  
38 retroactively effective during taxable years beginning from and after  
39 December 31, 2020 through December 31, 2021.

40 ~~F.~~ G. For the purposes of computing income tax pursuant to this  
41 title, for taxable years beginning from and after December 31, 2019  
42 through December 31, 2020, "internal revenue code" means the United States  
43 internal revenue code of 1986, as amended, in effect on January 1, 2020,  
44 including those provisions that became effective during 2019 with the  
45 specific adoption of all retroactive effective dates, and including those

1 provisions of the families first coronavirus response act (P.L. 116-127),  
2 the coronavirus aid, relief, and economic security act (P.L. 116-136), the  
3 paycheck protection program flexibility act of 2020 (P.L. 116-142), the  
4 consolidated appropriations act, 2021 (P.L. 116-260) and the American  
5 rescue plan act of 2021 (P.L. 117-2) that are retroactively effective  
6 during taxable years beginning from and after December 31, 2019 through  
7 December 31, 2020.

8 ~~G.~~ H. For the purposes of computing income tax pursuant to this  
9 title, for taxable years beginning from and after December 31, 2018  
10 through December 31, 2019, "internal revenue code" means the United States  
11 internal revenue code of 1986, as amended, in effect on January 1, 2019,  
12 including those provisions that became effective during 2018 with the  
13 specific adoption of all retroactive effective dates, and including those  
14 provisions of the taxpayer first act (P.L. 116-25), the further  
15 consolidated appropriations act, 2020 (P.L. 116-94), the coronavirus aid,  
16 relief, and economic security act (P.L. 116-136) and the consolidated  
17 appropriations act, 2021 (P.L. 116-260) that are retroactively effective  
18 during taxable years beginning from and after December 31, 2018 through  
19 December 31, 2019.

20 ~~H.~~ I. For the purposes of computing income tax pursuant to this  
21 title, for taxable years beginning from and after December 31, 2017  
22 through December 31, 2018, "internal revenue code" means the United States  
23 internal revenue code of 1986, as amended, in effect on January 1, 2018,  
24 including those provisions that became effective during 2017 with the  
25 specific adoption of all retroactive effective dates, and including those  
26 provisions of the bipartisan budget act of 2018 (P.L. 115-123), the  
27 consolidated appropriations act, 2018 (P.L. 115-141), the further  
28 consolidated appropriations act, 2020 (P.L. 116-94), the coronavirus aid,  
29 relief, and economic security act (P.L. 116-136) and the consolidated  
30 appropriations act, 2021 (P.L. 116-260) that are retroactively effective  
31 during taxable years beginning from and after December 31, 2017 through  
32 December 31, 2018.

33 ~~I.~~ J. For the purposes of computing income tax pursuant to this  
34 title, for taxable years beginning from and after December 31, 2016  
35 through December 31, 2017, "internal revenue code" means the United States  
36 internal revenue code of 1986, as amended, in effect on January 1, 2017,  
37 including those provisions that became effective during 2016 with the  
38 specific adoption of all federal retroactive effective dates, and  
39 including those provisions of the disaster tax relief and airport and  
40 airway extension act of 2017 (P.L. 115-63), the tax cuts and jobs act  
41 (P.L. 115-97), the bipartisan budget act of 2018 (P.L. 115-123), the  
42 consolidated appropriations act, 2018 (P.L. 115-141), the further  
43 consolidated appropriations act, 2020 (P.L. 116-94) and the coronavirus  
44 aid, relief, and economic security act (P.L. 116-136) that are

1 retroactively effective during taxable years beginning from and after  
2 December 31, 2016 through December 31, 2017.

3 ~~J.~~ K. For the purposes of computing income tax pursuant to this  
4 title, for taxable years beginning from and after December 31, 2015  
5 through December 31, 2016, "internal revenue code" means the United States  
6 internal revenue code of 1986, as amended, in effect on January 1, 2016,  
7 including those provisions that became effective during 2015 with the  
8 specific adoption of all federal retroactive effective dates, and  
9 including those provisions of the United States appreciation for olympians  
10 and paralympians act of 2016 (P.L. 114-239), the tax cuts and jobs act  
11 (P.L. 115-97), the consolidated appropriations act, 2018 (P.L. 115-141),  
12 the further consolidated appropriations act, 2020 (P.L. 116-94) and the  
13 coronavirus aid, relief, and economic security act (P.L. 116-136) that are  
14 retroactively effective during taxable years beginning from and after  
15 December 31, 2015 through December 31, 2016.

16 ~~K. For the purposes of computing income tax pursuant to this title,  
17 for taxable years beginning from and after December 31, 2014 through  
18 December 31, 2015, "internal revenue code" means the United States  
19 internal revenue code of 1986, as amended, in effect on January 1, 2015,  
20 including those provisions that became effective during 2014 with the  
21 specific adoption of all federal retroactive effective dates, and  
22 including those provisions of the slain officer family support act of 2015  
23 (P.L. 114-7), the don't tax our fallen public safety heroes act  
24 (P.L. 114-14), the surface transportation and veterans health care choice  
25 improvement act of 2015 (P.L. 114-41), the consolidated appropriations  
26 act, 2016 (P.L. 114-113), the consolidated appropriations act, 2018  
27 (P.L. 115-141) and the coronavirus aid, relief, and economic security act  
28 (P.L. 116-136) that are retroactively effective during taxable years  
29 beginning from and after December 31, 2014 through December 31, 2015.~~

30 Sec. 3. Section 43-301, Arizona Revised Statutes, is amended to  
31 read:

32 **43-301. Individual returns: definition**

33 A. A full-year or part-year resident individual shall file a return  
34 with the department if, for the taxable year, the individual's gross  
35 income was greater than the amount of the standard deduction allowed under  
36 ~~subsection SECTION 43-1041, subsection A as adjusted for inflation~~  
37 ~~pursuant to section 43-1041, subsection H.~~

38 B. A nonresident individual shall file a return with the department  
39 if, for the taxable year, the individual's gross income was greater than  
40 the amount under subsection A of this section determined for a full-year  
41 or part-year resident individual multiplied by the percentage that the  
42 individual's Arizona gross income is of the individual's federal adjusted  
43 gross income.

44 C. In the case of a husband and wife, the spouse who controls the  
45 disposition of or who receives or spends community income as well as the

1 spouse who is taxable on such income is liable for the payment of taxes  
2 imposed by this title on such income. If a joint return is filed, the  
3 liability for the tax on the aggregate income is joint and several.

4 D. This section applies regardless of whether an individual is  
5 required to file a return under the internal revenue code or whether the  
6 individual has any federal adjusted gross income for the taxable year.

7 E. For the purposes of this section, "gross income" means gross  
8 income as defined in the internal revenue code minus income included in  
9 gross income but excluded from taxation under this title.

10 Sec. 4. Section 43-323, Arizona Revised Statutes, is amended to  
11 read:

12 **43-323. Place and form of filing returns**

13 A. All returns required by this title shall be in such a form as  
14 the department may from time to time prescribe and shall be filed with the  
15 department.

16 B. The department shall prescribe a short form return for  
17 individual taxpayers who:

18 1. Are eligible and elect to pay tax based on the optional tax  
19 tables pursuant to section 43-1012.

20 2. Elect to claim the optional standard deduction pursuant to  
21 section 43-1041, subsection A, but not the increased amount for charitable  
22 deductions under section 43-1041, subsection ~~I~~ H.

23 3. Elect not to file for credits against income tax liability other  
24 than those contained in sections 43-1072, 43-1072.01, 43-1072.02, 43-1073  
25 and 43-1073.01.

26 4. Are not required to add any income under section 43-1021 and do  
27 not elect any subtractions under section 43-1022, except for the  
28 exemptions allowed under section 43-1023.

29 C. The department may provide a simplified return form for  
30 individual taxpayers who:

31 1. Are eligible and elect to pay tax based on the optional tax  
32 tables pursuant to section 43-1012.

33 2. Are residents for the full taxable year.

34 3. File as single individuals or married couples filing joint  
35 returns under section 43-309.

36 4. Are not sixty-five years of age or older or blind at the end of  
37 the taxable year.

38 5. Claim no exemptions under section 43-1023 for the taxable year.

39 6. Elect to claim the optional standard deduction under section  
40 43-1041, subsection A, but not the increased amount for charitable  
41 deductions under section 43-1041, subsection ~~I~~ H.

42 7. Are not required to add any income under section 43-1021 and do  
43 not elect to claim any subtractions under section 43-1022 or file for any  
44 credits under chapter 10, article 5 of this title, except the credits  
45 provided by sections 43-1072.01, 43-1072.02 and 43-1073.

1       8. Do not elect to contribute a portion of any tax refund as  
2 provided by any provision of chapter 6, article 1 of this title.  
3 Notwithstanding any provision of chapter 6, article 1 of this title, a  
4 simplified return form under this subsection shall not include any space  
5 for the taxpayer to so contribute a portion of a refund.

6       D. The department shall prepare blank forms for the returns and  
7 furnish them on request. Failure to receive or secure the form does not  
8 relieve any taxpayer from making any return required.

9       E. An individual income tax preparer who prepares more than ten  
10 original income tax returns that are timely filed during any taxable year  
11 that begins from and after December 31, 2017 shall file electronically all  
12 individual tax returns prepared by that tax preparer, for that taxable  
13 year and each subsequent taxable year. An individual income tax preparer  
14 may not charge a separate fee to the taxpayer for filing a return using  
15 the department's electronic filing program. This subsection does not  
16 apply if the taxpayer elects to have the return filed on paper or if the  
17 return cannot be filed electronically for reasons outside of the tax  
18 preparer's control.

19       F. Fiduciary returns, partnership returns, withholding returns and  
20 corporate returns shall be filed electronically for taxable years  
21 beginning from and after December 31, 2019, or when the department  
22 establishes an electronic filing program, whichever is later. Any person  
23 who is required to file electronically pursuant to this subsection may  
24 apply to the director, on a form prescribed by the department, for an  
25 annual waiver from the electronic filing requirement. The director may  
26 grant the waiver, which may be renewed for one subsequent year, if any of  
27 the following applies:

- 28       1. The taxpayer has no computer.
- 29       2. The taxpayer has no internet access.
- 30       3. Any other circumstance considered to be worthy by the director  
31 exists.

32       G. A waiver is not required if the return cannot be electronically  
33 filed for reasons beyond the taxpayer's control, including situations in  
34 which the taxpayer was instructed by either the internal revenue service  
35 or the department of revenue to file by paper.

36       Sec. 5. Section 43-1022, Arizona Revised Statutes, is amended to  
37 read:

38       43-1022. Subtractions from Arizona gross income

39       In computing Arizona adjusted gross income, the following amounts  
40 shall be subtracted from Arizona gross income:

- 41       1. The amount of exemptions allowed by section 43-1023.
- 42       2. Benefits, annuities and pensions in an amount totaling not more  
43 than \$2,500 received from one or more of the following:
  - 44           (a) The United States government service retirement and disability  
45 fund, the United States foreign service retirement and disability system

1 and any other retirement system or plan established by federal law, except  
2 retired or retainer pay of the uniformed services of the United States  
3 that qualifies for a subtraction under paragraph 26 of this section.

4 (b) The Arizona state retirement system, the corrections officer  
5 retirement plan, the public safety personnel retirement system, the  
6 elected officials' retirement plan, an optional retirement program  
7 established by the Arizona board of regents under section 15-1628, an  
8 optional retirement program established by a community college district  
9 board under section 15-1451 or a retirement plan established for employees  
10 of a county, city or town in this state.

11 3. A beneficiary's share of the fiduciary adjustment to the extent  
12 that the amount determined by section 43-1333 decreases the beneficiary's  
13 Arizona gross income.

14 4. Interest income received on obligations of the United States,  
15 minus any interest on indebtedness, or other related expenses, and  
16 deducted in arriving at Arizona gross income, that were incurred or  
17 continued to purchase or carry such obligations.

18 5. The excess of a partner's share of income required to be  
19 included under section 702(a)(8) of the internal revenue code over the  
20 income required to be included under chapter 14, article 2 of this title.

21 6. The excess of a partner's share of partnership losses determined  
22 pursuant to chapter 14, article 2 of this title over the losses allowable  
23 under section 702(a)(8) of the internal revenue code.

24 7. The amount allowed by section 43-1025 for contributions during  
25 the taxable year of agricultural crops to charitable organizations.

26 8. The portion of any wages or salaries paid or incurred by the  
27 taxpayer for the taxable year that is equal to the amount of the federal  
28 work opportunity credit, the empowerment zone employment credit, the  
29 credit for employer paid social security taxes on employee cash tips and  
30 the Indian employment credit that the taxpayer received under sections  
31 45A, 45B, 51(a) and 1396 of the internal revenue code.

32 9. The amount of exploration expenses that is determined pursuant  
33 to section 617 of the internal revenue code, that has been deferred in a  
34 taxable year ending before January 1, 1990 and for which a subtraction has  
35 not previously been made. The subtraction shall be made on a ratable  
36 basis as the units of produced ores or minerals discovered or explored as  
37 a result of this exploration are sold.

38 10. The amount included in federal adjusted gross income pursuant  
39 to section 86 of the internal revenue code, relating to taxation of social  
40 security and railroad retirement benefits.

41 11. To the extent not already excluded from Arizona gross income  
42 under the internal revenue code, compensation received for active service  
43 as a member of the reserves, the national guard or the armed forces of the  
44 United States, including compensation for service in a combat zone as  
45 determined under section 112 of the internal revenue code.

1       12. The amount of unreimbursed medical and hospital costs, adoption  
2 counseling, legal and agency fees and other nonrecurring costs of  
3 adoption. The subtraction under this paragraph may be taken for the costs  
4 that are described in this paragraph and that are incurred in prior years,  
5 but the subtraction may be taken only in the year during which the final  
6 adoption order is granted. The amount subtracted may not exceed:

7       (a) In taxable years beginning before December 31, 2025, \$3,000. In  
8 the case of a husband and wife who file separate returns, the subtraction  
9 may be taken by either taxpayer or may be divided between them, but the  
10 total subtractions allowed both husband and wife may not exceed \$3,000.

11       (b) In taxable years beginning from and after December 31, 2025,  
12 \$5,000 for a single individual or head of household.

13       (c) For taxable years beginning from and after December 31, 2025,  
14 \$10,000 for a married couple filing a joint return. In the case of a  
15 husband and wife who file separate returns, the subtraction may be taken  
16 by either taxpayer or may be divided between them, but the total  
17 subtractions allowed both husband and wife may not exceed \$10,000.

18       13. The amount authorized by section 43-1027 for the taxable year  
19 relating to qualified wood stoves, wood fireplaces or gas fired  
20 fireplaces.

21       14. The amount by which a net operating loss carryover or capital  
22 loss carryover allowable pursuant to section 43-1029, subsection F exceeds  
23 the net operating loss carryover or capital loss carryover allowable  
24 pursuant to section 1341(b)(5) of the internal revenue code.

25       15. Any amount of qualified educational expenses that is  
26 distributed from a qualified state tuition program determined pursuant to  
27 section 529 of the internal revenue code and that is included in income in  
28 computing federal adjusted gross income.

29       16. Any item of income resulting from an installment sale that has  
30 been properly subjected to income tax in another state in a previous  
31 taxable year and that is included in Arizona gross income in the current  
32 taxable year.

33       17. For property placed in service:

34       (a) In taxable years beginning before December 31, 2012, an amount  
35 equal to the depreciation allowable pursuant to section 167(a) of the  
36 internal revenue code for the taxable year computed as if the election  
37 described in section 168(k) of the internal revenue code had been made for  
38 each applicable class of property in the year the property was placed in  
39 service.

40       (b) In taxable years beginning from and after December 31, 2012  
41 through December 31, 2013, an amount determined in the year the asset was  
42 placed in service based on the calculation in subdivision (a) of this  
43 paragraph. In the first taxable year beginning from and after  
44 December 31, 2013, the taxpayer may elect to subtract the amount necessary  
45 to make the depreciation claimed to date for the purposes of this title

1 the same as it would have been if subdivision (c) of this paragraph had  
2 applied for the entire time the asset was in service. Subdivision (c) of  
3 this paragraph applies for the remainder of the asset's life. If the  
4 taxpayer does not make the election under this subdivision, subdivision  
5 (a) of this paragraph applies for the remainder of the asset's life.

6 (c) In taxable years beginning from and after December 31, 2013  
7 through December 31, 2015, an amount equal to the depreciation allowable  
8 pursuant to section 167(a) of the internal revenue code for the taxable  
9 year as computed as if the additional allowance for depreciation had been  
10 ten percent of the amount allowed pursuant to section 168(k) of the  
11 internal revenue code.

12 (d) In taxable years beginning from and after December 31, 2015  
13 through December 31, 2016, an amount equal to the depreciation allowable  
14 pursuant to section 167(a) of the internal revenue code for the taxable  
15 year as computed as if the additional allowance for depreciation had been  
16 fifty-five percent of the amount allowed pursuant to section 168(k) of the  
17 internal revenue code.

18 (e) In taxable years beginning from and after December 31, 2016, an  
19 amount equal to the depreciation allowable pursuant to section 167(a) of  
20 the internal revenue code for the taxable year as computed as if the  
21 additional allowance for depreciation had been the full amount allowed  
22 pursuant to section 168(k) of the internal revenue code.

23 18. With respect to property that is sold or otherwise disposed of  
24 during the taxable year by a taxpayer that complied with section 43-1021,  
25 paragraph 11 with respect to that property, the amount of depreciation  
26 that has been allowed pursuant to section 167(a) of the internal revenue  
27 code to the extent that the amount has not already reduced Arizona taxable  
28 income in the current or prior taxable years.

29 19. The amount contributed during the taxable year to college  
30 savings plans established pursuant to section 529 of the internal revenue  
31 code on behalf of the designated beneficiary to the extent that the  
32 contributions were not deducted in computing federal adjusted gross  
33 income. The amount subtracted may not exceed:

34 (a) \$2,000 per beneficiary for a single individual or a head of  
35 household.

36 (b) \$4,000 per beneficiary for a married couple filing a joint  
37 return. In the case of a husband and wife who file separate returns, the  
38 subtraction may be taken by either taxpayer or may be divided between  
39 them, but the total subtractions allowed both husband and wife may not  
40 exceed \$4,000 per beneficiary.

41 20. The portion of the net operating loss carryforward that would  
42 have been allowed as a deduction in the current year pursuant to section  
43 172 of the internal revenue code if the election described in section  
44 172(b)(1)(H) of the internal revenue code had not been made in the year of  
45 the loss that exceeds the actual net operating loss carryforward that was

1 deducted in arriving at federal adjusted gross income. This subtraction  
2 only applies to taxpayers who made an election under section 172(b)(1)(H)  
3 of the internal revenue code as amended by section 1211 of the American  
4 recovery and reinvestment act of 2009 (P.L. 111-5) or as amended by  
5 section 13 of the worker, homeownership, and business assistance act of  
6 2009 (P.L. 111-92).

7 21. For taxable years beginning from and after December 31, 2013,  
8 the amount of any net capital gain included in federal adjusted gross  
9 income for the taxable year derived from investment in a qualified small  
10 business as determined by the Arizona commerce authority pursuant to  
11 section 41-1518.

12 22. An amount of any net long-term capital gain included in federal  
13 adjusted gross income for the taxable year that is derived from an  
14 investment in an asset acquired after December 31, 2011, as follows:

15 (a) For taxable years beginning from and after December 31, 2012  
16 through December 31, 2013, ten percent of the net long-term capital gain  
17 included in federal adjusted gross income.

18 (b) For taxable years beginning from and after December 31, 2013  
19 through December 31, 2014, twenty percent of the net long-term capital gain  
20 included in federal adjusted gross income.

21 (c) For taxable years beginning from and after December 31, 2014,  
22 twenty-five percent of the net long-term capital gain included in federal  
23 adjusted gross income. For the purposes of this paragraph, a transferee  
24 that receives an asset by gift or at the death of a transferor is  
25 considered to have acquired the asset when the asset was acquired by the  
26 transferor. If the date an asset is acquired cannot be verified, a  
27 subtraction under this paragraph is not allowed.

28 23. If an individual is not claiming itemized deductions pursuant  
29 to section 43-1042, the amount of premium costs for long-term care  
30 insurance, as defined in section 20-1691.

31 24. The amount of eligible access expenditures paid or incurred  
32 during the taxable year to comply with the requirements of the Americans  
33 with disabilities act of 1990 (P.L. 101-336) or title 41, chapter 9,  
34 article 8 as provided by section 43-1024.

35 25. For taxable years beginning from and after December 31, 2017,  
36 the amount of any net capital gain included in Arizona gross income for  
37 the taxable year that is derived from the exchange of one kind of legal  
38 tender for another kind of legal tender. For the purposes of this  
39 paragraph:

40 (a) "Legal tender" means a medium of exchange, including specie,  
41 that is authorized by the United States Constitution or Congress to pay  
42 debts, public charges, taxes and dues.

43 (b) "Specie" means coins having precious metal content.

1       26. Benefits, annuities and pensions received as retired or  
2 retainer pay of the uniformed services of the United States in amounts as  
3 follows:

4       (a) For taxable years through December 31, 2018, an amount totaling  
5 not more than \$2,500.

6       (b) For taxable years beginning from and after December 31, 2018  
7 through December 31, 2020, an amount totaling not more than \$3,500.

8       (c) For taxable years beginning from and after December 31, 2020,  
9 the full amount received.

10      27. For taxable years beginning from and after December 31, 2020,  
11 the amount contributed during the taxable year to an achieving a better  
12 life experience account established pursuant to section 529A of the  
13 internal revenue code on behalf of the designated beneficiary to the  
14 extent that the contributions were not deducted in computing federal  
15 adjusted gross income. The amount subtracted may not exceed:

16       (a) \$2,000 per beneficiary for a single individual or a head of  
17 household.

18       (b) \$4,000 per beneficiary for a married couple filing a joint  
19 return. In the case of a husband and wife who file separate returns, the  
20 subtraction may be taken by either taxpayer or may be divided between  
21 them, but the total subtractions allowed both husband and wife may not  
22 exceed \$4,000 per beneficiary.

23      28. For taxable years beginning from and after December 31, 2020,  
24 Arizona small business gross income but only if an individual taxpayer has  
25 elected to separately report and pay tax on the taxpayer's Arizona small  
26 business adjusted gross income on the Arizona small business income tax  
27 return.

28      29. To the extent not already excluded from Arizona gross income  
29 under the internal revenue code, the value of virtual currency and  
30 non-fungible tokens the taxpayer received pursuant to an airdrop at the  
31 time of the airdrop. This paragraph may not be interpreted as providing a  
32 subtraction for any appreciation in value that occurs from holding the  
33 virtual currency after the initial receipt of the airdrop. For the  
34 purposes of this paragraph:

35       (a) "Airdrop" means the receipt of virtual currency through a means  
36 of distribution of virtual currency to the distributed ledger addresses of  
37 multiple taxpayers.

38       (b) "Non-fungible token" has the same meaning prescribed in section  
39 43-1028.

40       (c) "Virtual currency" has the same meaning prescribed in section  
41 43-1028.

42      30. The amount allowed as a subtraction by section 43-1028 for gas  
43 fees not already included in the taxpayer's virtual currency or  
44 non-fungible token basis.

1       31. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024,  
2 TO THE EXTENT NOT ALREADY EXCLUDED FROM ARIZONA GROSS INCOME UNDER THE  
3 INTERNAL REVENUE CODE, THE AMOUNT OF QUALIFIED TIPS RECEIVED DURING THE  
4 TAXABLE YEAR THAT IS DEDUCTED UNDER SECTION 224 OF THE INTERNAL REVENUE  
5 CODE.

6       32. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024,  
7 TO THE EXTENT NOT ALREADY EXCLUDED FROM ARIZONA GROSS INCOME UNDER THE  
8 INTERNAL REVENUE CODE, THE AMOUNT OF QUALIFIED OVERTIME COMPENSATION  
9 RECEIVED DURING THE TAXABLE YEAR THAT IS DEDUCTED UNDER SECTION 225 OF THE  
10 INTERNAL REVENUE CODE.

11      33. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024,  
12 TO THE EXTENT NOT ALREADY EXCLUDED FROM ARIZONA GROSS INCOME UNDER THE  
13 INTERNAL REVENUE CODE, THE AMOUNT OF A DISTRIBUTION FROM AN ACCOUNT  
14 ESTABLISHED PURSUANT TO SECTION 530A OF THE INTERNAL REVENUE CODE.

15      34. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024,  
16 TO THE EXTENT NOT ALREADY EXCLUDED FROM ARIZONA GROSS INCOME UNDER THE  
17 INTERNAL REVENUE CODE, THE AMOUNT OF CHILD AND DEPENDENT CARE EXPENSES FOR  
18 A QUALIFYING INDIVIDUAL UNDER SECTION 21 OF THE INTERNAL REVENUE CODE PAID  
19 OR INCURRED BY THE TAXPAYER FOR THE TAXABLE YEAR THAT EXCEEDS THE AMOUNT  
20 OF THE FEDERAL CREDIT THAT THE TAXPAYER RECEIVED UNDER SECTION 21 OF THE  
21 INTERNAL REVENUE CODE.

22      35. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024,  
23 THE AMOUNT AUTHORIZED BY SECTION 43-1030 FOR THE TAXABLE YEAR RELATING TO  
24 DISTRIBUTIONS FROM A PENSION OR RETIREMENT ACCOUNT.

25      36. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024,  
26 THE AMOUNT TOTALING NOT MORE THAN \$6,000 THAT IS CONTRIBUTED DURING THE  
27 TAXABLE YEAR TO A RETIREMENT ACCOUNT TO THE EXTENT THAT THE CONTRIBUTIONS  
28 WERE NOT DEDUCTED IN COMPUTING FEDERAL ADJUSTED GROSS INCOME. THE TOTAL  
29 AMOUNT SUBTRACTED UNDER THIS PARAGRAPH AND SECTION 43-1030 MAY NOT EXCEED  
30 \$6,000 FOR A TAXPAYER WHO IS A SINGLE PERSON, A MARRIED PERSON FILING  
31 SEPARATELY OR A HEAD OF HOUSEHOLD OR \$12,000 FOR A MARRIED COUPLE FILING A  
32 JOINT RETURN. FOR THE PURPOSES OF THIS PARAGRAPH, "RETIREMENT ACCOUNT"  
33 MEANS A ROTH INDIVIDUAL RETIREMENT ACCOUNT UNDER SECTION 408A OF THE  
34 INTERNAL REVENUE CODE.

35      Sec. 6. Title 43, chapter 10, article 3, Arizona Revised Statutes,  
36 is amended by adding section 43-1030, to read:

37      43-1030. Subtraction for distributions from a pension or  
38 retirement account; limits; definitions

39      A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024, IN  
40 COMPUTING ARIZONA ADJUSTED GROSS INCOME, A TAXPAYER WHO IS SIXTY YEARS OF  
41 AGE OR OLDER DURING THE TAXABLE YEAR MAY SUBTRACT FROM ARIZONA GROSS  
42 INCOME, TO THE EXTENT NOT ALREADY EXCLUDED FROM ARIZONA GROSS INCOME  
43 PURSUANT TO SECTION 43-1022 OR THE INTERNAL REVENUE CODE, AN AMOUNT  
44 TOTALING NOT MORE THAN \$6,000 RECEIVED FROM A DISTRIBUTION TO A QUALIFIED  
45 INDIVIDUAL FROM A PENSION OR RETIREMENT ACCOUNT.

1       B. FOR A TAXPAYER WHOSE ARIZONA GROSS INCOME IS \$75,000 OR MORE FOR  
2 A TAXPAYER WHO IS A SINGLE PERSON, A MARRIED PERSON FILING SEPARATELY OR A  
3 HEAD OF HOUSEHOLD OR \$150,000 OR MORE FOR A MARRIED COUPLE FILING A JOINT  
4 RETURN, THE SUBTRACTION AMOUNT PRESCRIBED BY SUBSECTION A OF THIS SECTION  
5 SHALL BE REDUCED BY SIX PERCENT OF THE AMOUNT THAT THE TAXPAYER'S INCOME  
6 EXCEEDS THE AMOUNT PRESCRIBED BY THIS SUBSECTION FOR THE TAXPAYER'S FILING  
7 STATUS, BUT NOT BELOW ZERO.

8       C. THE TOTAL AMOUNT SUBTRACTED UNDER THIS SECTION AND SECTION  
9 43-1022, PARAGRAPH 36 MAY NOT EXCEED \$6,000 FOR A TAXPAYER WHO IS A SINGLE  
10 PERSON, A MARRIED PERSON FILING SEPARATELY OR A HEAD OF HOUSEHOLD OR  
11 \$12,000 FOR A MARRIED COUPLE FILING A JOINT RETURN.

12       D. FOR THE PURPOSES OF THIS SECTION:

13       1. "PENSION" MEANS EITHER OF THE FOLLOWING:

14       (a) A DEFINED BENEFIT PLAN AUTHORIZED UNDER THE INTERNAL REVENUE  
15 CODE PAID TO AN INDIVIDUAL.

16       (b) PERIODIC, FIXED AMOUNT RETIREMENT PAYMENTS MADE BY THE UNITED  
17 STATES MILITARY, THE UNITED STATES CIVIL SERVICE OR A STATE OR LOCAL  
18 GOVERNMENT OR A PRIVATE EMPLOYER TO FORMER EMPLOYEES AND SURVIVING SPOUSES  
19 OF FORMER EMPLOYEES FOR PRIOR SERVICES PERFORMED.

20       2. "QUALIFIED INDIVIDUAL" MEANS:

21       (a) THE TAXPAYER, IF THE TAXPAYER HAS ATTAINED SIXTY YEARS OF AGE  
22 BEFORE THE CLOSE OF THE TAXABLE YEAR.

23       (b) IN THE CASE OF A JOINT RETURN, THE TAXPAYER'S SPOUSE, IF THE  
24 TAXPAYER'S SPOUSE HAS ATTAINED SIXTY YEARS OF AGE BEFORE THE CLOSE OF THE  
25 TAXABLE YEAR.

26       3. "RETIREMENT ACCOUNT" INCLUDES:

27       (a) A QUALIFIED RETIREMENT PLAN UNDER SECTIONS 401 AND 403 OF THE  
28 INTERNAL REVENUE CODE AND AN ELIGIBLE DEFERRED COMPENSATION PLAN UNDER  
29 SECTION 457 OF THE INTERNAL REVENUE CODE.

30       (b) AN INDIVIDUAL RETIREMENT ACCOUNT UNDER SECTION 408 OF THE  
31 INTERNAL REVENUE CODE, INCLUDING A SIMPLIFIED EMPLOYEE PENSION AS DEFINED  
32 IN SECTION 408(k) OF THE INTERNAL REVENUE CODE AND A SIMPLE RETIREMENT  
33 ACCOUNT AS DEFINED IN SECTION 408(p) OF THE INTERNAL REVENUE CODE.

34       Sec. 7. Section 43-1041, Arizona Revised Statutes, is amended to  
35 read:

36       43-1041. Optional standard deduction

37       A. A taxpayer may elect to take a standard deduction ~~as follows:~~

38       1. ~~In the case of a single person or a married person filing  
39 separately, the standard deduction is \$12,200, subject to subsection H of  
40 this section.~~

41       2. ~~In the case of a single person who is a head of a household, the  
42 standard deduction is \$18,350, subject to subsection H of this section.~~

1       3. ~~In the case of a married couple filing a joint return, the~~  
2 ~~standard deduction is \$24,400, subject to subsection H of this section.~~  
3 THE AMOUNT OF THE STANDARD DEDUCTION IS THE AMOUNT OF THE FEDERAL BASIC  
4 STANDARD DEDUCTION DETERMINED PURSUANT TO SECTION 63 OF THE INTERNAL  
5 REVENUE CODE FOR THE TAXPAYER'S FILING STATUS.

6       B. The standard deduction provided for in subsection A of this  
7 section is in lieu of all itemized deductions allowed by section 43-1042,  
8 which are to be subtracted from Arizona adjusted gross income in computing  
9 taxable income.

10      C. The standard deduction is allowed if the taxpayer so  
11 elects. The election is made by the taxpayer claiming on the tax return  
12 the amount provided for in this section in lieu of the itemized deductions  
13 allowed under section 43-1042. Electing to file a short form return or a  
14 simplified return that does not allow itemized deductions to be claimed is  
15 considered to be an election to claim the standard deduction.

16      D. In the case of a husband and wife, the standard deduction  
17 provided for in subsection A of this section is not allowed to either if  
18 the taxable income of one of the spouses is determined without regard to  
19 the standard deduction.

20      E. The standard deduction provided for by subsection A of this  
21 section is not allowed in the case of a taxable year of less than twelve  
22 months on account of a change in the accounting period.

23      F. Except as provided in subsection G of this section, a change of  
24 an election to take, or not to take, the standard deduction for any  
25 taxable year may be made after the filing of the return for that year.

26      G. A taxpayer is not allowed to change an election to take, or not  
27 to take, the standard deduction if:

28       1. The spouse of the taxpayer filed a separate return for any  
29 taxable year corresponding, for the purposes of subsection D of this  
30 section, to the taxable year of the taxpayer unless both of the following  
31 apply:

32       (a) The spouse makes a change of election with respect to the  
33 standard deduction for the taxable year covered in the separate return  
34 consistent with the change of election sought by the taxpayer.

35       (b) The taxpayer and spouse consent in writing to the assessment,  
36 within such a period as may be agreed on with the department, of any  
37 deficiency, to the extent attributable to the change of election, even  
38 though at the time of filing the consent the assessment of the deficiency  
39 would otherwise be prevented by the operation of any law or rule of law.

40       2. The tax liability of the taxpayer or the taxpayer's spouse for  
41 the taxable year has been compromised.

1        ~~H. For each taxable year beginning from and after December 31, 2019, the department shall adjust the dollar amounts prescribed by subsection A, paragraphs 1, 2 and 3 of this section for inflation in the same manner in which the federal basic standard deduction is adjusted for inflation pursuant to section 63 of the internal revenue code.~~

2        ~~I. For taxable years beginning from and after December 31, 2018,~~

3        H. The standard deduction allowed under subsection A of this section shall be increased AS FOLLOWS:

4        1. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2018  
5        THROUGH DECEMBER 31, 2025, by the amount equal to twenty-five percent of  
6        the total amount of a taxpayer's charitable deductions that would have  
7        been allowed if the taxpayer elected to claim itemized deductions under  
8        section 43-1042 rather than elect the standard deduction. For taxable  
9        years beginning from and after December 31, 2021 THROUGH DECEMBER 31,  
10        2025, the department shall adjust the percentage prescribed in this  
11        ~~subsection~~ PARAGRAPH according to the average annual change in the  
12        metropolitan Phoenix consumer price index published by the United States  
13        department of labor, bureau of labor statistics, except that the adjusted  
14        percentage may not exceed one hundred percent. The revised percentage  
15        shall be raised to the nearest whole percent and may not be revised below  
16        the amounts prescribed in the prior taxable year.

17        2. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2025, BY  
18        AN AMOUNT EQUAL TO THE TOTAL AMOUNT OF A TAXPAYER'S CHARITABLE  
19        CONTRIBUTIONS AS DEFINED IN SECTION 170(c) OF THE INTERNAL REVENUE  
20        CODE. THE INCREASE ALLOWED BY THIS PARAGRAPH MAY NOT EXCEED:

21        (a) IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING  
22        SEPARATELY, \$1,000.

23        (b) IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN,  
24        \$2,000.

25        Sec. 8. Section 43-1042, Arizona Revised Statutes, is amended to  
26        read:

27        43-1042. Itemized deductions

28        A. Except as provided by subsections B, ~~and~~ C AND D of this  
29        section, at the election of the taxpayer, and in lieu of the standard  
30        deduction allowed by section 43-1041, in computing taxable income the  
31        taxpayer may take the amount of itemized deductions allowable for the  
32        taxable year pursuant to subtitle A, chapter 1, subchapter B, parts VI and  
33        VII, but subject to the ~~limitations~~ LIMITS prescribed by sections 67, 68  
34        and 274 of the internal revenue code.

35        B. In lieu of the amount of the federal itemized deduction for  
36        expenses paid for medical care allowed under section 213 of the internal  
37        revenue code, the taxpayer may deduct the full amount of such expenses.

1       C. A taxpayer shall not claim both a deduction provided by this  
2 section and a credit allowed by this title with respect to the same  
3 charitable contributions. This subsection applies to any contribution for  
4 which a credit is allowed by this title even if the contribution is  
5 treated as a payment of state income tax.

6       D. IN LIEU OF THE AMOUNT OF THE FEDERAL ITEMIZED DEDUCTION FOR  
7 STATE AND LOCAL TAXES ALLOWED UNDER SECTION 164(b)(7) OF THE INTERNAL  
8 REVENUE CODE, THE TAXPAYER MAY DEDUCT UP TO \$10,000 OF THAT AMOUNT FOR  
9 SUCH STATE AND LOCAL TAXES.

10      D. E. The taxpayer may add any interest expense paid by the  
11 taxpayer for the taxable year that is equal to the amount of federal  
12 credit for interest on certain home mortgages allowed by section 25 of the  
13 internal revenue code.

14      Sec. 9. Section 43-1073.01, Arizona Revised Statutes, is amended to  
15 read:

16      43-1073.01. Dependent tax credit

17      A. A credit is allowed against the taxes imposed by this title for  
18 a taxable year for each dependent of a taxpayer as provided by this  
19 section.

20      B. For taxpayers whose federal adjusted gross income is less than  
21 \$200,000 for a taxpayer who is a single person, a married person filing  
22 separately or a head of household or is less than \$400,000 for a married  
23 couple filing a joint return, the amount of the credit is:

24       1. ~~\$100~~ \$125 for each dependent who is under seventeen years of age  
25 at the end of the taxable year.

26       2. \$25 for each dependent who is at least seventeen years of age at  
27 the end of the taxable year.

28      C. For taxpayers whose federal adjusted gross income is \$200,000 or  
29 more for a taxpayer who is a single person, a married person filing  
30 separately or a head of household or is \$400,000 or more for a married  
31 couple filing a joint return, the amount of the credit is:

32       1. ~~\$100~~ \$125 minus five percent for each \$1,000, or fraction  
33 thereof, by which the taxpayer's federal adjusted gross income exceeds the  
34 applicable threshold provided in this subsection for each dependent who is  
35 under seventeen years of age at the end of the taxable year.

36       2. \$25 minus five percent for each \$1,000, or fraction thereof, by  
37 which the taxpayer's federal adjusted gross income exceeds the applicable  
38 threshold provided in this subsection for each dependent who is at least  
39 seventeen years of age at the end of the taxable year.

40      D. In the case of a nonresident or part-year resident taxpayer, the  
41 credit allowed under this section is allowed in the percentage that the  
42 taxpayer's Arizona gross income is of the federal adjusted gross income.

1 Sec. 10. Title 43, Arizona Revised Statutes, is amended by adding  
2 chapter 18, to read:

3 CHAPTER 18

4 SCHOLARSHIP GRANTING ORGANIZATIONS

5 ARTICLE 1. GENERAL PROVISIONS

6 43-1801. State election to participate; federal tax credit  
7 for individual contributions to scholarship  
8 granting organizations

9 A. THIS STATE ELECTS TO PARTICIPATE IN THE FEDERAL TAX CREDIT  
10 ESTABLISHED BY SECTION 25F OF THE INTERNAL REVENUE CODE FOR INDIVIDUALS  
11 WHO MAKE QUALIFIED CONTRIBUTIONS TO SCHOLARSHIP GRANTING ORGANIZATIONS.

12 B. THE DEPARTMENT SHALL COMPLY WITH ALL FEDERAL LAWS AND  
13 REGULATIONS TO ADMINISTER THE FEDERAL TAX CREDIT ESTABLISHED BY SECTION  
14 25F OF THE INTERNAL REVENUE CODE TO ENSURE THIS STATE IS ELIGIBLE TO  
15 PARTICIPATE IN TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2026  
16 AND ANNUALLY SUBMIT ALL OF THE REQUIRED INFORMATION TO THE UNITED STATES  
17 SECRETARY OF THE TREASURY FOR PARTICIPATION.

18 43-1802. Scholarship granting organizations; certification;  
19 list; rules

20 A. A NONPROFIT ORGANIZATION IN THIS STATE THAT IS EXEMPT OR THAT  
21 HAS APPLIED FOR EXEMPTION FROM FEDERAL TAXATION UNDER SECTION 501(c)(3) OF  
22 THE INTERNAL REVENUE CODE MAY APPLY TO THE DEPARTMENT FOR CERTIFICATION AS  
23 A SCHOLARSHIP GRANTING ORGANIZATION, AND THE DEPARTMENT SHALL CERTIFY THAT  
24 THE SCHOLARSHIP GRANTING ORGANIZATION MEETS THE REQUIREMENTS OF SECTION  
25 25F OF THE INTERNAL REVENUE CODE AND THE APPLICABLE REGULATIONS OR  
26 GUIDANCE ISSUED BY THE UNITED STATES SECRETARY OF THE TREASURY.

27 B. ON OR BEFORE JANUARY 1 OF EACH YEAR, THE DEPARTMENT SHALL:

28 1. SUBMIT TO THE UNITED STATES SECRETARY OF THE TREASURY A LIST OF  
29 THE SCHOLARSHIP GRANTING ORGANIZATIONS THAT ARE CERTIFIED PURSUANT TO THIS  
30 SECTION AND THAT ARE LOCATED IN THIS STATE.

31 2. POST THE LIST SUBMITTED PURSUANT TO PARAGRAPH 1 OF THIS  
32 SUBSECTION ON THE DEPARTMENT'S OFFICIAL WEBSITE.

33 C. THE DEPARTMENT SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS  
34 AND PROCEDURES NECESSARY TO ADMINISTER THIS SECTION.

35 43-1803. Scholarships

36 FROM AND AFTER DECEMBER 31, 2026, A SCHOLARSHIP GRANTING  
37 ORGANIZATION THAT IS CERTIFIED BY THE DEPARTMENT AND ON THE LIST SUBMITTED  
38 PURSUANT TO SECTION 43-1802, SUBSECTION B, PARAGRAPH 1 MAY PROVIDE  
39 SCHOLARSHIPS TO ELIGIBLE STUDENTS FOR ANY QUALIFIED ELEMENTARY OR  
40 SECONDARY EDUCATION EXPENSES TO THE EXTENT ALLOWED UNDER FEDERAL LAW.

41 Sec. 11. Retroactivity

42 This act applies retroactively to taxable years beginning from and  
43 after December 31, 2024.