

REFERENCE TITLE: employer surcharge; workforce development

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

HB 2461

Introduced by

Representatives Sandoval: Abeytia, Aguilar, Austin, Blattman, Connolly, Contreras L, Contreras P, Crews, Garcia, Liguori, Luna-Nájera, Márquez, Mathis, Peshlakai, Simacek, Stahl Hamilton, Tsosie, Villegas; Senators Alston, Epstein, Gabaldón, Kuby

AN ACT

AMENDING TITLE 41, CHAPTER 53, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-5304; AMENDING TITLE 43, CHAPTER 10, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1015; AMENDING TITLE 43, CHAPTER 11, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1112; AMENDING TITLE 43, CHAPTER 17, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1712; RELATING TO TAXATION OF INCOME.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 41, chapter 53, article 1, Arizona Revised
3 Statutes, is amended by adding section 41-5304, to read:

4 41-5304. Community college apprenticeship and workforce
5 development program fund; rules; definition

6 A. THE COMMUNITY COLLEGE APPRENTICESHIP AND WORKFORCE DEVELOPMENT
7 PROGRAM FUND IS ESTABLISHED CONSISTING OF MONIES DEPOSITED PURSUANT TO
8 SECTIONS 43-1015, 43-1112 AND 43-1712. THE OFFICE SHALL ADMINISTER THE
9 FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED.

10 B. THE OFFICE SHALL ESTABLISH AN APPLICATION PROCESS FOR COMMUNITY
11 COLLEGES TO APPLY FOR AND RECEIVE MONIES FROM THE FUND FOR THE DEVELOPMENT
12 AND ADMINISTRATION OF APPRENTICESHIP AND WORKFORCE DEVELOPMENT PROGRAMS AT
13 A COMMUNITY COLLEGE.

14 C. THE OFFICE SHALL ADOPT RULES AND PRESCRIBE FORMS TO ADMINISTER
15 THIS SECTION.

16 D. FOR THE PURPOSES OF THIS SECTION, "COMMUNITY COLLEGE" HAS THE
17 SAME MEANING PRESCRIBED IN SECTION 15-1401.

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

20 43-1015. Employer surcharge for community college
21 apprenticeship and workforce development programs

22 A. IN ADDITION TO ANY OTHER TAX IMPOSED BY THIS CHAPTER, FOR
23 TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2026, A TAXPAYER WHO
24 IS THE OWNER OF A BUSINESS THAT OPERATES IN THIS STATE AND THAT EMPLOYS
25 FIFTY OR MORE EMPLOYEES SHALL PAY A COMMUNITY COLLEGE APPRENTICESHIP AND
26 WORKFORCE DEVELOPMENT PROGRAM SURCHARGE IN AN AMOUNT EQUAL TO ONE PERCENT
27 OF THE AMOUNT OF PAYROLL TAXES THAT THE TAXPAYER PAID DURING THE TAXABLE
28 YEAR.

29 B. CO-OWNERS OF A BUSINESS, INCLUDING PARTNERS IN A PARTNERSHIP,
30 MEMBERS OF A LIMITED LIABILITY COMPANY AND SHAREHOLDERS OF AN
31 S CORPORATION AS DEFINED IN SECTION 1361 OF THE INTERNAL REVENUE CODE,
32 SHALL EACH PAY THE PRO RATA SHARE OF THE SURCHARGE REQUIRED UNDER THIS
33 SECTION BASED ON OWNERSHIP INTERESTS.

34 C. NOTWITHSTANDING SECTIONS 42-1116 AND 43-206, THE DEPARTMENT
35 SHALL SEPARATELY ACCOUNT FOR THE REVENUES COLLECTED PURSUANT TO THIS
36 SECTION AND DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, THOSE
37 REVENUES IN THE COMMUNITY COLLEGE APPRENTICESHIP AND WORKFORCE DEVELOPMENT
38 PROGRAM FUND ESTABLISHED BY SECTION 41-5304.

39 Sec. 3. Title 43, chapter 11, article 2, Arizona Revised Statutes,
40 is amended by adding section 43-1112, to read:

41 43-1112. Employer surcharge for community college
42 apprenticeship and workforce development programs

43 A. IN ADDITION TO ANY OTHER TAX IMPOSED BY THIS CHAPTER, FOR
44 TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2026, A CORPORATION
45 THAT OPERATES IN THIS STATE AND THAT EMPLOYS FIFTY OR MORE EMPLOYEES SHALL

1 PAY A COMMUNITY COLLEGE APPRENTICESHIP AND WORKFORCE DEVELOPMENT PROGRAM
2 SURCHARGE IN AN AMOUNT EQUAL TO ONE PERCENT OF THE AMOUNT OF PAYROLL TAXES
3 THAT THE CORPORATION PAID DURING THE TAXABLE YEAR.

4 B. NOTWITHSTANDING SECTIONS 42-1116 AND 43-206, THE DEPARTMENT
5 SHALL SEPARATELY ACCOUNT FOR THE REVENUES COLLECTED PURSUANT TO THIS
6 SECTION AND DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, THOSE
7 REVENUES IN THE COMMUNITY COLLEGE APPRENTICESHIP AND WORKFORCE DEVELOPMENT
8 PROGRAM FUND ESTABLISHED BY SECTION 41-5304.

9 Sec. 4. Title 43, chapter 17, article 2, Arizona Revised Statutes,
10 is amended by adding section 43-1712, to read:

11 43-1712. Employer surcharge for community college
12 apprenticeship and workforce development programs

13 A. IN ADDITION TO ANY OTHER TAX IMPOSED BY THIS CHAPTER, FOR
14 TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2026, AN ARIZONA SMALL
15 BUSINESS TAXPAYER THAT OPERATES IN THIS STATE AND THAT EMPLOYS FIFTY OR
16 MORE EMPLOYEES SHALL PAY A COMMUNITY COLLEGE APPRENTICESHIP AND WORKFORCE
17 DEVELOPMENT PROGRAM SURCHARGE IN AN AMOUNT EQUAL TO ONE PERCENT OF THE
18 AMOUNT OF PAYROLL TAXES THAT THE ARIZONA SMALL BUSINESS TAXPAYER PAID
19 DURING THE TAXABLE YEAR.

20 B. NOTWITHSTANDING SECTIONS 42-1116 AND 43-206, THE DEPARTMENT
21 SHALL SEPARATELY ACCOUNT FOR THE REVENUES COLLECTED PURSUANT TO THIS
22 SECTION AND DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, THOSE
23 REVENUES IN THE COMMUNITY COLLEGE APPRENTICESHIP AND WORKFORCE DEVELOPMENT
24 PROGRAM FUND ESTABLISHED BY SECTION 41-5304.

25 Sec. 5. Requirements for enactment; two-thirds vote

26 Pursuant to article IX, section 22, Constitution of Arizona, this
27 act is effective only on the affirmative vote of at least two-thirds of
28 the members of each house of the legislature and is effective immediately
29 on the signature of the governor or, if the governor vetoes this act, on
30 the subsequent affirmative vote of at least three-fourths of the members
31 of each house of the legislature.