REFERENCE TITLE: sales tax credit; tribal taxes

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

HB 2984

Introduced by
Representative Tsosie

AN ACT

AMENDING TITLE 42, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-5046; RELATING TO TRANSACTION PRIVILEGE TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Title 42, chapter 5, article 1, Arizona Revised Statutes, is amended by adding section 42-5046, to read:

42-5046. Credit for taxes paid to Indian tribe; distribution for qualifying Indian tribes; definitions

A. SUBJECT TO SUBSECTION C OF THIS SECTION, A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS ARTICLE IN THE AMOUNT OF TAXES LEVIED BY AN INDIAN TRIBE ON THE SAME TAX BASE, AND PAID BY THE TAXPAYER TO THE TRIBE DURING THE SAME TAXABLE PERIOD, AS THE TAXES IMPOSED BY THIS ARTICLE. TO QUALIFY FOR THE CREDIT THE TRIBAL TAX MUST BE LEVIED ON THE GROSS PROCEEDS OF SALES OR GROSS INCOME FROM THE BUSINESS CONDUCTED IN THIS STATE. THE AMOUNT OF THE CREDIT MAY NOT EXCEED THE AMOUNT OF THE TAXES DUE UNDER THIS ARTICLE FOR THE TAXABLE PERIOD MINUS THE TAXPAYER'S PROPORTIONATE SHARE OF THE MONIES DISTRIBUTED TO MUNICIPALITIES AND COUNTIES PURSUANT TO SECTION 42-5029, SUBSECTION D FOR THE TAXABLE PERIOD.

B. THE TAXPAYER MUST CLAIM THE CREDIT FOR EACH TAXABLE PERIOD IN THE MANNER PRESCRIBED BY THE DEPARTMENT, WHICH MAY BE INCORPORATED IN THE RETURN FORM PRESCRIBED BY SECTION 42-5014. A CLAIM FOR CREDIT IS NOT ALLOWED IF THE TAXPAYER FAILS TO PAY THE TAX DUE UNDER THIS ARTICLE BEFORE THE PAYMENT BECOMES DELINQUENT.

C. IF THE TAXPAYER PAYS TAXES TO AN INDIAN TRIBE THAT IS A QUALIFYING INDIAN TRIBE, THE DEPARTMENT SHALL DISTRIBUTE ONE-TWELFTH OF THE TAXPAYER'S CREDIT TO THAT QUALIFYING INDIAN TRIBE. EACH MONTH THE QUALIFYING INDIAN TRIBE SHALL TRANSMIT MONIES RECEIVED PURSUANT TO THIS SUBSECTION TO A COMMUNITY COLLEGE OR POSTSECONDARY EDUCATIONAL INSTITUTION THAT IS OWNED, OPERATED OR CHARTERED BY THE QUALIFYING INDIAN TRIBE ON ITS OWN INDIAN RESERVATION FOR THE EXCLUSIVE PURPOSE OF SUPPORTING THE PROGRAMS, MAINTENANCE, RENEWAL AND CAPITAL EXPENSES OF THE COMMUNITY COLLEGES OR POSTSECONDARY EDUCATIONAL INSTITUTIONS IN THIS STATE THAT ARE OWNED, OPERATED OR CHARTED BY THE QUALIFYING INDIAN TRIBE ON ITS OWN INDIAN RESERVATION. THE QUALIFYING INDIAN TRIBE MAY NOT TRANSMIT MONIES PURSUANT TO THIS SUBSECTION IN AN AMOUNT THAT EXCEEDS THE SUM OF BOTH OF THE FOLLOWING IN ANY FISCAL YEAR:

1. WITH RESPECT TO A SINGLE COMMUNITY COLLEGE, $1,750,000.

2. WITH RESPECT TO AN ADDITIONAL TECHNICAL COLLEGE LOCATED ON THE SAME INDIAN RESERVATION, $875,000.

D. FOR THE PURPOSES OF THIS SECTION:

1. "QUALIFYING INDIAN TRIBE" MEANS AN INDIAN TRIBE THAT OWNS, OPERATES AND CHARTERS ANY COMMUNITY COLLEGE OR POSTSECONDARY EDUCATIONAL INSTITUTION LOCATED ON ITS OWN RESERVATION IN THIS STATE.

2. "TRIBE" INCLUDES ANY FEDERALLY RECOGNIZED TRIBE, NATION, BAND OR COMMUNITY OF INDIANS THAT LEVY TAXES ON THE GROSS PROCEEDS OF SALES OR GROSS INCOME FROM BUSINESS CONDUCTED IN THIS STATE.