

REFERENCE TITLE: **income tax changes; notification; forms**

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

HB 4029

Introduced by
Representative Olson

AN ACT

AMENDING TITLE 41, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 41-112; AMENDING SECTION 43-323, ARIZONA REVISED STATUTES;
RELATING TO INCOME TAX.

(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 1, article 1, Arizona Revised
3 Statutes, is amended by adding section 41-112, to read:

4 41-112. Evaluation and determination of income tax law
5 changes; special session analysis and notification

6 A. EACH YEAR, THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND
7 BUDGETING AND THE JOINT LEGISLATIVE BUDGET COMMITTEE SHALL EVALUATE AND
8 DETERMINE IF CONFORMING THE LAWS OF THIS STATE WITH CHANGES MADE TO THE
9 INTERNAL REVENUE CODE FOR CALCULATING FEDERAL ADJUSTED GROSS INCOME FOR
10 THE PURPOSE OF CALCULATING TAXABLE INCOME IN THIS STATE WILL RESULT IN AN
11 INCREASE OR DECREASE OF INCOME TAX REVENUES OF \$100,000,000 OR MORE
12 COMPARED TO THE AMOUNT OF INCOME TAX REVENUES THAT WOULD BE COLLECTED IF
13 THE LAWS OF THIS STATE DID NOT CONFORM TO THE INTERNAL REVENUE CODE
14 CHANGES.

15 B. BEFORE SEPTEMBER 30 OF EACH YEAR, THE GOVERNOR, BASED ON THE
16 EVALUATION MADE PURSUANT TO SUBSECTION A OF THIS SECTION, SHALL DETERMINE
17 IF A SPECIAL SESSION OF THE LEGISLATURE IS NECESSARY TO CONFORM THE LAWS
18 OF THIS STATE TO THE CHANGES IN THE INTERNAL REVENUE CODE AND SHALL NOTIFY
19 IN WRITING THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF
20 REPRESENTATIVES OF THAT DETERMINATION AND THE REASONS THAT SUPPORT THE
21 DETERMINATION.

22 Sec. 2. Section 43-323, Arizona Revised Statutes, is amended to
23 read:

24 43-323. Place and form of filing returns

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

28 B. The department shall prescribe a short form return for
29 individual taxpayers who:

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

32 2. Elect to claim the optional standard deduction pursuant to
33 section 43-1041, subsection A, but not the increased amount for charitable
34 deductions under section 43-1041, subsection I.

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

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

41 C. The department may provide a simplified return form for
42 individual taxpayers who:

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

- 1 2. Are residents for the full taxable year.
- 2 3. File as single individuals or married couples filing joint
- 3 returns under section 43-309.
- 4 4. Are not sixty-five years of age or older or blind at the end of
- 5 the taxable year.
- 6 5. Claim no exemptions under section 43-1023 for the taxable year.
- 7 6. Elect to claim the optional standard deduction under section
- 8 43-1041, subsection A, but not the increased amount for charitable
- 9 deductions under section 43-1041, subsection I.
- 10 7. Are not required to add any income under section 43-1021 and do
- 11 not elect to claim any subtractions under section 43-1022 or file for any
- 12 credits under chapter 10, article 5 of this title, except the credits
- 13 provided by sections 43-1072.01, 43-1072.02 and 43-1073.
- 14 8. Do not elect to contribute a portion of any tax refund as
- 15 provided by any provision of chapter 6, article 1 of this title.
- 16 Notwithstanding any provision of chapter 6, article 1 of this title, a
- 17 simplified return form under this subsection shall not include any space
- 18 for the taxpayer to so contribute a portion of a refund.
- 19 D. The department shall prepare blank forms for the returns and
- 20 furnish them on request. Failure to receive or secure the form does not
- 21 relieve any taxpayer from making any return required.
- 22 E. An individual income tax preparer who prepares more than ten
- 23 original income tax returns that are timely filed during any taxable year
- 24 that begins from and after December 31, 2017 shall file electronically all
- 25 individual tax returns prepared by that tax preparer, for that taxable
- 26 year and each subsequent taxable year. An individual income tax preparer
- 27 may not charge a separate fee to the taxpayer for filing a return using
- 28 the department's electronic filing program. This subsection does not
- 29 apply if the taxpayer elects to have the return filed on paper or if the
- 30 return cannot be filed electronically for reasons outside of the tax
- 31 preparer's control.
- 32 F. Fiduciary returns, partnership returns, withholding returns and
- 33 corporate returns shall be filed electronically for taxable years
- 34 beginning from and after December 31, 2019, or when the department
- 35 establishes an electronic filing program, whichever is later. Any person
- 36 who is required to file electronically pursuant to this subsection may
- 37 apply to the director, on a form prescribed by the department, for an
- 38 annual waiver from the electronic filing requirement. The director may
- 39 grant the waiver, which may be renewed for one subsequent year, if any of
- 40 the following applies:
 - 41 1. The taxpayer has no computer.
 - 42 2. The taxpayer has no internet access.
 - 43 3. Any other circumstance considered to be worthy by the director
 - 44 exists.

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

5 H. THE DEPARTMENT MAY NOT PRESCRIBE FORMS FOR RETURNS PURSUANT TO
6 THIS SECTION THAT ARE INCONSISTENT WITH THE STATUTES THAT ARE IN EFFECT ON
7 THE DATE THAT THE FORMS ARE ISSUED.