



NEWS RELEASE

Arizona House of Representatives

Representative Joseph Chaplik (R-23)

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FOR IMMEDIATE RELEASE

Small Business Tax Relief Legislation Clears Final Hurdle, Sent to Governor's Desk

STATE CAPITOL, PHOENIX – [HB 2838](#), sponsored by Representative Joseph Chaplik (R-23), which revises state tax structure for taxpayers and protects small business from over taxation by the federal government, without impacting the state general fund, received final passage in the House today.

“Providing Arizona’s small businesses with more working capital and tax relief at this critical moment, without having a negative fiscal impact to the state, is responsible public policy that I and all lawmakers should support,” said Representative Chaplik.

Since 2017, 15 states, both red and blue alike, have adopted SALT-parity legislation, including Connecticut, Wisconsin, Oklahoma, Louisiana, Rhode Island, New Jersey, and Maryland. Under HB 2838, Arizona would join those other states, providing small businesses significant potential tax savings.

The federal government is also on board. In November 2020, the Internal Revenue Service issued guidance (Notice 2020-75) that pass-through entity businesses may claim deductions above the \$10,000 State and Local Tax (SALT) cap.

Other important considerations of HB 2838:

- It is revenue neutral, as the deduction reduces federal taxes owed;
- It provides an election for these businesses to pay their SALT at the entity level;
- It provides parity to C-Corporations that were not affected by the 2017 tax law;
- It keeps the revenue earned by Arizona’s businesses at work in Arizona; and
- It has no negative fiscal impact on the General Fund revenues, and Arizona cities and towns.

Additionally, Main Street Employers Coalition supports legislation across the country to restore the full SALT deduction to Arizona’s pass-through businesses.

The Senate gave the bill its final approval on Tuesday. It now goes to the Governor, who is expected to sign it into law.

Joseph Chaplik is a Republican member of the Arizona House of Representatives serving Legislative District 23, which includes Scottsdale, Fountain Hills, and Rio Verde.

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