

REFERENCE TITLE: income tax credit review; criteria

State of Arizona  
House of Representatives  
Forty-ninth Legislature  
Second Regular Session  
2010

## **HB 2505**

Introduced by  
Representative Murphy

AN ACT

AMENDING SECTION 43-221, ARIZONA REVISED STATUTES; 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. Section 43-221, Arizona Revised Statutes, is amended to  
3 read:  
4 43-221. Joint legislative income tax credit review committee  
5 A. The joint legislative income tax credit review committee is  
6 established consisting of the following members:  
7 1. Five members of the house of representatives ways and means  
8 committee appointed by the speaker of the house of representatives. Not more  
9 than three appointees shall be of the same political party.  
10 2. Five members of the senate finance committee appointed by the  
11 president of the senate. Not more than three appointees shall be of the same  
12 political party.  
13 B. The committee shall determine the original purpose of existing tax  
14 credits and establish a standard for evaluating and measuring the success or  
15 failure of the tax credits. The standard for evaluating tax credits:  
16 1. May include:  
17 ~~1-~~ (a) The history, rationale and estimated revenue impact of the  
18 credit.  
19 ~~2-~~ (b) Whether the credit has provided a benefit to this state  
20 including, for corporate tax credits, measurable economic development, new  
21 investments, creation of new jobs or retention of existing jobs in this  
22 state.  
23 ~~3-~~ (c) Whether the credit is unnecessarily complex in the  
24 application, administration and approval process.  
25 2. SHALL INCLUDE, TO THE EXTENT PRACTICABLE, A REVIEW OF THE ECONOMIC  
26 IMPACT OF THE CREDIT USING DYNAMIC ANALYSIS OR OTHER TECHNIQUES THAT ESTIMATE  
27 THE TAXPAYER BEHAVIORAL CHANGES OR MODIFICATIONS IN PATTERNS OF ECONOMIC  
28 ACTIVITY.  
29 C. The committee shall review the individual and corporate income tax  
30 credits pursuant to the schedule prescribed in section 43-222. The committee  
31 shall use the joint legislative budget committee staff and may use the staff  
32 of the DEPARTMENT OF COMMERCE, department of revenue and legislative council  
33 for assistance.  
34 D. After completing the review process, the committee shall determine  
35 whether the credit should be amended, repealed or retained. If the credit is  
36 recommended to be retained or amended, the committee shall recommend that the  
37 credit be returned to the income tax credit review schedule prescribed in  
38 section 43-222. The next review year shall be the fifth full calendar year  
39 following the date the credit was reviewed. The committee shall report its  
40 findings and recommendations to the president of the senate, the speaker of  
41 the house of representatives and the governor by December 15 of the year that  
42 the committee reviews the credit. The committee shall provide a copy of the  
43 report to the director of the Arizona state library, archives and public  
44 records.