



ARIZONA STATE SENATE
Fifty-Fifth Legislature, Second Regular Session

AMENDED
FACT SHEET FOR S.B. 1222

exempt property; tax credit; proceeds

Purpose

Exempts a specified amount of the refundable portions of any federal or state Earned Income Tax Credits (EITCs) and any federal or state Child Tax Credits from specified actions to collect a debt.

Background

Statute outlines personal property exemptions from the bankruptcy process and other actions to collect from a debtor. The exemptions include specified amounts of money or proceeds ([A.R.S. Title 33, Chapter 8, Article 2](#) and [A.R.S. § 33-1125](#)).

The federal EITC provides a refundable tax credit against individual income tax liability for a low-income or moderate-income individual or family. The amount of the federal EITC is based on a taxpayer's marital status, adjusted gross income and number of qualifying children and is fully refundable ([26 U.S.C. § 32](#)).

The federal Child Tax Credit provides a refundable tax credit against individual income tax liability for a taxpayer with a qualifying child or children. The maximum amount of the federal Child Tax Credit is \$2,000 per qualifying child and up to \$1,400 is refundable for each qualifying child ([26 U.S.C. § 24](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Exempts, from execution, attachment or sale on any process issued from any court or any other judicial remedy provided for the collection of debts:
 - a) the refundable portion of any personal income tax credits from the federal or state EITCs; and
 - b) any additional refundable portion of any federal or state Child Tax Credits.
2. Sets the amount of the exemption at the lesser of the total federal and state tax refund or the combined amount of any claimed federal or state EITCs and federal or state Child Tax Credits.
3. Makes technical changes.
4. Becomes effective on the general effective date.

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Amendments Adopted by Committee

- Includes a state EITC and a state Child Tax Credit in the exemption.

Senate Action

FIN 2/2/22 DPA 8-2-0

Prepared by Senate Research

February 2, 2022

MG/KJA/slp