

REFERENCE TITLE: tax credit review; committee; repeal

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SB 1400

Introduced by
Senator Bowie

AN ACT

AMENDING SECTIONS 43-221 AND 43-223, ARIZONA REVISED STATUTES; RELATING TO
INCOME TAX CREDIT REVIEW.

(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 report

6 A. The joint legislative income tax credit review committee is
7 established consisting of the following members:

8 1. Five members of the house of representatives ways and means
9 committee WHO ARE appointed by the speaker of the house of
10 representatives. Not more than three appointees shall be of the same
11 political party.

12 2. Five members of the senate finance committee WHO ARE appointed
13 by the president of the senate. Not more than three appointees shall be
14 of the same political party.

15 B. THE COMMITTEE SHALL MEET AT LEAST ANNUALLY AND ON THE CALL OF
16 THE CHAIRPERSON.

17 ~~B.~~ C. The committee shall determine the original purpose of
18 existing tax credits and establish a standard for evaluating and measuring
19 the success or failure of the tax credits. The standard for evaluating
20 tax credits may include:

21 1. The history, rationale and estimated revenue impact of the
22 credit.

23 2. Whether the credit has provided a benefit to this state
24 including, for corporate tax credits, measurable economic development, new
25 investments, creation of new jobs or retention of existing jobs in this
26 state.

27 3. Whether the credit is unnecessarily complex in the application,
28 administration and approval process.

29 ~~C.~~ D. The committee shall review the individual and corporate
30 income tax credits pursuant to the schedule prescribed in section 43-222.
31 The committee shall use the joint legislative budget committee staff and
32 may use the staff of the department of revenue and legislative council for
33 assistance.

34 ~~D.~~ E. After completing the review process, the committee shall
35 determine whether the credit should be amended, repealed or retained. If
36 the credit is recommended to be retained or amended, the committee shall
37 recommend that the credit be returned to the income tax credit review
38 schedule prescribed in section 43-222. The next review year shall be the
39 fifth full calendar year following the date the credit was reviewed. The
40 committee shall report its findings and recommendations to the president
41 of the senate, the speaker of the house of representatives and the
42 governor by December 15 of the year that the committee reviews the credit.
43 The committee shall provide a copy of the report to the secretary of
44 state.

1 F. IF NECESSARY, THE LEGISLATIVE COUNCIL STAFF SHALL PREPARE
2 PROPOSED LEGISLATION FOR CONSIDERATION IN THE NEXT LEGISLATIVE SESSION
3 BASED ON THE RECOMMENDATIONS OF THE COMMITTEE.

4 Sec. 2. Section 43-223, Arizona Revised Statutes, is amended to
5 read:

6 43-223. Requirements for new income tax credits established
7 by the legislature

8 Any new individual or corporate income tax credit that is enacted by
9 the legislature shall include in its enabling legislation:

10 1. A specific review year for the joint legislative income tax
11 credit review committee to review the credit. The specific review year
12 shall be NOT LATER THAN the fifth full calendar year following the date
13 the credit is enacted.

14 2. A SPECIFIC REPEAL DATE FOR THE CREDIT THAT IS FROM AND AFTER
15 DECEMBER 31 OF THE REVIEW YEAR.

16 ~~2.~~ 3. A purpose clause that explains the rationale and objective
17 of the tax credit.