

PROPOSED
SENATE AMENDMENTS TO S.B. 1643
(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 41-1507, Arizona Revised Statutes, is amended to
3 read:

4 41-1507. Tax credit for increased research activity:
5 qualification for refund

6 A. The authority shall receive applications and evaluate and certify
7 taxpayers who otherwise qualify for income tax credits for increased
8 research activities to further qualify for income tax refunds.

9 B. An application for a refund of the taxpayer's credit must
10 include:

11 1. The taxpayer's name, address and taxpayer identification number
12 and a telephone number and ~~e-mail~~ EMAIL address of a person WHO IS
13 responsible for the application.

14 2. A general description of the taxpayer's business and the research
15 activities conducted by the taxpayer.

16 3. The number of full-time employees on the taxpayer's payroll on
17 the last day of the taxpayer's taxable year. Only taxpayers employing
18 fewer than one hundred fifty full-time employees qualify for a refund of
19 the taxpayer's income tax credit.

20 4. The amount of the taxpayer's income tax credit for the taxable
21 year.

22 5. Any other information required by the authority.

23 C. Each application shall include a processing fee equal to one ~~per~~
24 ~~cent~~ PERCENT of the taxpayer's tax credit being refunded.

1 D. The authority shall process and evaluate each application and
2 within thirty days after receiving the application either:

3 1. Issue to the applicant a certificate of qualification for the
4 refund.

5 2. Notify the applicant of denial of the application with specific
6 reasons for the denial. A denial of the application does not preclude a
7 subsequent application if the applicant is able to correct any error or
8 deficiency.

9 E. The authority shall not approve refunds exceeding a total of ~~five~~
10 ~~million dollars~~ \$10,000,000 in any calendar year. Refunds are allowed on a
11 ~~first come~~ FIRST-COME, ~~first served~~ FIRST-SERVED basis, according to the
12 date of application. An approved amount applies against the dollar limit
13 for the year in which the application was submitted. If, at the end of any
14 year, an unused balance occurs under the dollar limit prescribed by this
15 subsection, the balance shall be reallocated for the purposes of this
16 section in the following year.

17 F. The authority, with the cooperation of the department of revenue,
18 shall adopt rules and publish and prescribe forms and procedures as
19 necessary to effectuate the purposes of this section.

20 Sec. 2. Title 41, chapter 10, article 1, Arizona Revised Statutes,
21 is amended by adding section 41-1507.02, to read:

22 41-1507.02. Reinvestment of unused income tax credits;
23 economic analysis; report; definition

24 A. NOTWITHSTANDING ANY OTHER LAW, THE AUTHORITY SHALL RECEIVE
25 APPLICATIONS FROM AND EVALUATE AND CERTIFY TAXPAYERS THAT CARRY FORWARD AN
26 UNUSED BALANCE OF INCOME TAX CREDITS TO BE USED FOR THE PURPOSES PRESCRIBED
27 IN SUBSECTION F OF THIS SECTION.

28 B. THE AUTHORITY MAY APPROVE A PORTION OF THE UNUSED BALANCE OF
29 INCOME TAX CREDITS FOR REINVESTMENT SUBJECT TO THE FOLLOWING CONDITIONS:

30 1. THE TAX CREDIT MUST NOT HAVE EXPIRED.

31 2. THE AMOUNT OF THE TAX CREDIT MAY NOT EXCEED \$10,000,000 PER YEAR
32 PER APPLICANT.

1 C. A TAXPAYER MUST APPLY TO THE AUTHORITY ON OR BEFORE DECEMBER 31
2 OF EACH TAXABLE YEAR FOR THE REINVESTMENT OF THE UNUSED BALANCE OF INCOME
3 TAX CREDITS ON A FORM THAT IS PRESCRIBED BY THE AUTHORITY AND THAT INCLUDES
4 ALL OF THE FOLLOWING INFORMATION:

5 1. THE TAXPAYER'S NAME, ADDRESS AND TAXPAYER IDENTIFICATION NUMBER
6 AND A TELEPHONE NUMBER AND EMAIL ADDRESS OF A PERSON WHO IS RESPONSIBLE FOR
7 THE APPLICATION.

8 2. A GENERAL DESCRIPTION OF THE TAXPAYER'S BUSINESS AND THE
9 ACTIVITIES DESCRIBED IN SUBSECTION F OF THIS SECTION THAT WILL BE CONDUCTED
10 BY THE TAXPAYER WITH THE POTENTIAL TAX CREDITS.

11 3. THE AMOUNT OF THE TAXPAYER'S OUTSTANDING TAX CREDITS TO BE
12 CONVERTED UNDER THIS SECTION.

13 D. THE AUTHORITY SHALL PROCESS AND EVALUATE EACH APPLICATION AND,
14 WITHIN NINETY DAYS AFTER RECEIVING A COMPLETE AND CORRECT APPLICATION,
15 SHALL NOTIFY THE APPLICANT EITHER THAT:

16 1. THE APPLICATION WAS APPROVED. ON APPROVAL, THE AUTHORITY SHALL
17 PROVIDE A PORTION OF THE UNUSED BALANCE OF INCOME TAX CREDITS TO THE
18 APPLICANT, SUBJECT TO THE TERMS AND CONDITIONS OF THIS SECTION.

19 2. THE APPLICATION WAS NOT APPROVED AND SHALL PROVIDE THE APPLICANT
20 WITH SPECIFIC REASONS FOR THE DISAPPROVAL. A DISAPPROVAL OF THE
21 APPLICATION DOES NOT PRECLUDE A SUBSEQUENT APPLICATION IF THE APPLICANT IS
22 ABLE TO CORRECT THE ERROR OR DEFICIENCY.

23 E. THE AUTHORITY MAY NOT APPROVE THE REINVESTMENT OF THE UNUSED
24 BALANCE OF INCOME TAX CREDITS EXCEEDING A TOTAL OF \$50,000,000 IN ANY
25 FISCAL YEAR. REINVESTMENTS ARE ALLOWED ON A FIRST-COME, FIRST-SERVED BASIS
26 ACCORDING TO THE DATE THE APPLICATION IS FILED WITH THE AUTHORITY. AN
27 APPROVED AMOUNT APPLIES AGAINST THE DOLLAR LIMIT FOR THE FISCAL YEAR IN
28 WHICH THE AUTHORITY RECEIVED THE COMPLETE AND CORRECT APPLICATION.

29 F. MONIES DISTRIBUTED BY THE AUTHORITY MAY BE USED ONLY FOR ANY OF
30 THE FOLLOWING PURPOSES:

31 1. SUSTAINABILITY OR WATER CAPITAL PROJECTS.

1 2. BUILDING OR UPDATING THE TAXPAYER'S RESEARCH AND DEVELOPMENT
2 FACILITIES.

3 3. A CAPITAL EXPENDITURE PROJECT BETWEEN THE TAXPAYER AND AN
4 INSTITUTION OF HIGHER LEARNING.

5 4. A WORKFORCE DEVELOPMENT PROJECT BETWEEN THE TAXPAYER AND AN
6 INSTITUTION OF HIGHER LEARNING, INCLUDING:

7 (a) TUITION REIMBURSEMENT.

8 (b) HIRING EMPLOYEES FOR THE INSTITUTION OF HIGHER LEARNING.

9 (c) APPRENTICESHIPS.

10 5. A PROJECT THAT DEMONSTRATES RECEIPT OF MATCHING MONIES FROM A
11 FEDERAL PROGRAM OR A NATIONAL GRANT PROGRAM.

12 G. THE AUTHORITY MAY NOT DISTRIBUTE MONIES TO A TAXPAYER BEFORE THE
13 AUTHORITY REVIEWS AND APPROVES THE PROJECT.

14 H. IN 2027 AND 2030, THE AUTHORITY SHALL CONDUCT AN ECONOMIC
15 ANALYSIS REGARDING THE INVESTMENT OF INCOME TAX CREDITS PURSUANT TO THIS
16 SECTION. THE AUTHORITY SHALL SUBMIT A REPORT OF ITS ANALYSIS TO THE
17 GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF
18 REPRESENTATIVES AND SHALL PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF
19 STATE.

20 I. THE AUTHORITY SHALL:

21 1. COMMUNICATE THE TAXPAYER'S CREDIT STATUS WITH THE DEPARTMENT OF
22 REVENUE.

23 2. ADOPT RULES AND PUBLISH FORMS AS PRESCRIBED BY THIS SECTION.

24 J. THE DEPARTMENT OF REVENUE SHALL PROVIDE INFORMATION RELATED TO
25 THE TAXPAYER'S UNUSED TAX CREDITS TO THE AUTHORITY ON REQUEST.

26 K. IF THE TAXPAYER DOES NOT COMPLY WITH THIS SECTION, THE AUTHORITY
27 MAY RECAPTURE ALL OR PART OF THE UNUSED TAX CREDIT REINVESTMENT THAT IS
28 DISTRIBUTED TO THE TAXPAYER.

29 L. FOR THE PURPOSES OF THIS SECTION, "UNUSED BALANCE OF INCOME TAX
30 CREDIT" MEANS \$.75 PER DOLLAR.

1 Sec. 3. Delayed Repeal

2 Section 41-1507.02, Arizona Revised Statutes, as added by this act,
3 is repealed from and after June 30, 2032.

4 Sec. 4. Appropriation; Arizona commerce authority; exemption

5 A. The sum of \$55,075,000 is appropriated from the state general
6 fund in fiscal year 2022-2023 to the Arizona commerce authority. The
7 Arizona commerce authority shall allocate the monies as follows:

8 1. \$50,000,000 to implement section 41-1507.02, Arizona Revised
9 Statutes, as added by this act.

10 2. \$5,000,000 for the purposes prescribed in section 41-1507,
11 Arizona Revised Statutes, as amended by this act.

12 3. \$75,000 to administer section 41-1507.02, Arizona Revised
13 Statutes, as added by this act.

14 B. The appropriation made in subsection A of this section is exempt
15 from the provisions of section 35-190, Arizona Revised Statutes, relating
16 to lapsing of appropriations.

17 Sec. 5. Retroactivity

18 Section 41-1507.02, Arizona Revised Statutes, as added by this act,
19 applies retroactively to from and after June 30, 2022.

20 Sec. 6. Short title

21 Section 41-1507.02, Arizona Revised Statutes, as added by this act,
22 may be cited as the "Arizona Reinvestment Fund Act".

23 Amend title to conform

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