

PROPOSED  
SENATE AMENDMENTS TO H.B. 2337  
(Reference to House engrossed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 41-3954, Arizona Revised Statutes, is amended to  
3 read:

4 41-3954. Affordable housing tax credit; limit; eligibility  
5 statement; rules; public hearings; annual report;  
6 definitions

7 A. The affordable housing tax credit is established. The department  
8 shall administer the credit as provided by this section.

9 B. On application, the department shall allocate tax credits under  
10 this section for projects in this state that qualify for the federal  
11 low-income housing tax credit under section 42 of the internal revenue code  
12 and that are placed in service, for purposes of the federal credit, from  
13 and after June 30, 2022, in an amount equal to at least fifty percent of  
14 the amount of the federal credit allowed in each taxable year during the  
15 federal credit period. The department shall allocate tax credits under  
16 this section according to the department's current qualified allocation  
17 plan adopted pursuant to section 42(m) of the internal revenue code.

18 C. The department shall prescribe forms, procedures and criteria for  
19 applying, evaluating and qualifying for the credit under this section. The  
20 department shall issue an eligibility statement for each qualified project  
21 that identifies the qualified project, the allocation year and the amount  
22 of the credits allocated to the project.

23 D. The department shall allocate a total of \$4,000,000 of tax  
24 credits under this section in any calendar year according to the date of

1 the allocation of the credit. An approved amount applies against the  
2 dollar limit for the year in which the application is submitted. If, at  
3 the end of the calendar year, an unused balance occurs under the dollar  
4 limit prescribed by this subsection, the balance shall be reallocated for  
5 the purposes of this subsection in the following year.

6 E. Any taxpayer that owns an interest in an investment in a  
7 qualified project that receives an eligibility statement from the  
8 department is allowed a tax credit under this section for taxable years  
9 beginning from and after December 31, 2021 if the taxpayer acquires the  
10 interest before filing a tax return claiming the tax credit. The taxpayer  
11 shall apply the credit against the taxpayer's insurance premium or income  
12 tax liability as provided by and subject to the procedures, terms and  
13 conditions prescribed by section 20-224.04, 43-1075 or 43-1163, as  
14 applicable.

15 F. A qualified project that is approved for the purposes of the  
16 credit under this section is not eligible for any abatement, exemption or  
17 other reduction in state or local ad valorem property taxes ~~otherwise~~  
18 allowed ~~by statute~~ UNDER TITLE 42, CHAPTER 6, ARTICLE 5.

19 G. The Arizona department of housing, with the cooperation of the  
20 department of insurance and financial institutions and the department of  
21 revenue, shall adopt rules and publish and prescribe forms and procedures  
22 as necessary to administer this section, including criteria on which  
23 eligibility statements are issued under this section.

24 H. On or before July 30 of each year, the department shall hold a  
25 public hearing to solicit and accept public comments relating to the amount  
26 of the credit under this section to be used for qualified projects that are  
27 financed through tax-exempt bond issuance as part of the qualified  
28 allocation plan process and other affordable housing tax credit issues.  
29 The department shall post a copy of all comments submitted during each  
30 public hearing on the department's website before September 15 of the year  
31 in which the public hearing is held.

1 I. On or before December 31 of each year, the department shall  
2 submit to the president of the senate and the speaker of the house of  
3 representatives a report that addresses whether the credits approved under  
4 this section produced a significant number of additional affordable housing  
5 units in this state and that analyzes the economic impact of the credits  
6 approved under this section on this state. The department shall provide a  
7 copy of this report to the secretary of state.

8 J. For the purposes of this section:

9 1. "Internal revenue code" has the same meaning prescribed by  
10 section 43-105.

11 2. "Qualified project" means a qualified low-income building as  
12 defined in section 42(c)(2) of the internal revenue code.

13 3. "Taxpayer" means a person, firm or corporation that is subject to  
14 taxation under title 20 or under title 43, chapter 10 or 11.

15 Sec. 2. Retroactivity

16 This act applies retroactively to taxable years beginning from and  
17 after September 28, 2021."

18 Amend title to conform

DAVID LIVINGSTON

2337LIVINGSTON 1.docx  
03/21/2022  
02:49 PM  
C: ED