

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1144
(Reference to Senate engrossed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Title 1, Arizona Revised Statutes, is amended by adding
3 chapter 9, to read:

4 CHAPTER 9

5 LEGAL TENDER

6 ARTICLE 1. GENERAL PROVISIONS

7 1-901. Legal tender; definition

8 A. LEGAL TENDER IN THIS STATE CONSISTS OF ANY MEDIUM OF EXCHANGE,
9 INCLUDING SPECIE, THAT IS AUTHORIZED BY THE UNITED STATES CONSTITUTION OR
10 CONGRESS FOR THE PAYMENT OF DEBTS, PUBLIC CHARGES, TAXES AND DUES, EXCEPT
11 FOR FEDERALLY RECOGNIZED CENTRAL BANK DIGITAL CURRENCY.

12 B. FOR THE PURPOSES OF THIS SECTION, "SPECIE" MEANS COINS HAVING
13 PRECIOUS METAL CONTENT.

14 1-902. Central bank digital currency; prohibition;
15 applicability

16 A. FEDERALLY RECOGNIZED CENTRAL BANK DIGITAL CURRENCY MAY NOT BE THE
17 SUBJECT OR MEDIUM OF PAYMENT OF ANY CONTRACT, SECURITY OR OTHER SIMILAR
18 INSTRUMENT IN THIS STATE.

19 B. NOTWITHSTANDING TITLE 47, THIS SECTION APPLIES TO ALL CONTRACTS,
20 SECURITIES AND OTHER SIMILAR INSTRUMENTS, INCLUDING CONTRACTS RELATING TO
21 COMMERCIAL TRANSACTIONS.

22 Sec. 2. Section 6-851, Arizona Revised Statutes, is amended to read:

23 6-851. Definitions

24 A. In this chapter, unless the context otherwise requires:

1 1. "Trust business" means the holding out by a person to the public
2 at large by advertising, solicitation or other means that the person is
3 available to act as a fiduciary in this state and accepting and undertaking
4 to perform the duties as such a fiduciary in the regular course of
5 business.

6 2. "Trust company" means a corporation holding a certificate issued
7 under this article.

8 B. In this article, unless the context otherwise requires:

9 1. "Agent" means a person who receives compensation to regularly
10 perform services specifically related to the conduct of the trust business.

11 2. "Asset" means any property or property right held by a licensee
12 for the benefit of another.

13 3. "Capital" means the total of outstanding common stock, preferred
14 stock and surplus and undivided profits.

15 4. "Certificate" means a certificate of authority issued under this
16 chapter to engage in trust business.

17 5. "Contingency plan" means a document stating a trust company's
18 means of conducting business and preserving records in the event of any
19 power outage, flood or other physical emergency.

20 6. "Discretionary assets" means those assets in which the trust
21 company has the unilateral authority to determine investment strategies and
22 execute investment transactions without seeking the concurrence, approval
23 or authority from the customer or any other external party.

24 7. "Fiduciary" means a personal representative, administrator,
25 guardian, conservator, trustee, agent or other person who acts in a
26 fiduciary capacity and who is not exempt by section 6-852.

27 8. "Impaired" or "insolvent" means the trust company does not
28 possess assets that are at least equal to liabilities, required reserves
29 and total issued and outstanding capital.

30 9. "Legal tender" ~~means a medium of exchange, including specie, that~~
31 ~~is authorized by the United States Constitution or Congress for the payment~~

1 ~~of debts, public charges, taxes and dues~~ HAS THE SAME MEANING PRESCRIBED IN
2 SECTION 1-901.

3 10. "Liquid capital" means legal tender, capital in the form of
4 certificates of deposit issued by banks, savings banks or savings and loan
5 associations doing business in this state and insured by the federal
6 deposit insurance corporation or any successor institution, including
7 deposits to a single depository where excess deposit insurance is provided
8 through a reciprocal deposit arrangement by participating banks, or direct
9 obligations of the United States government with maturity of not more than
10 five years.

11 11. "Nondiscretionary assets" means those assets for which the trust
12 company must obtain from the customer, broker or investment advisor
13 specific direction and instructions regarding both investment strategies
14 and investment executions.

15 12. "Specie" means coins having precious metal content.

16 13. "Surplus" means the total amount paid by shareholders in excess
17 of the par or stated value of the shares of capital stock of a trust
18 business in consideration for the shares.

19 Sec. 3. Section 6-843, Arizona Revised Statutes, is amended to read:

20 6-843. Disbursements; applicability

21 A. Except as provided by subsection B OF THIS SECTION, an escrow
22 agent may only disburse money out of an escrow account if deposits are
23 previously made that are at least equal to the disbursements and the
24 deposits relate directly to the transaction for which the money is being
25 disbursed. The deposits shall be in at least one of the following forms:

26 1. Wire transfers so that the monies are received by the escrow
27 agent or the agent's depository.

28 2. Except as provided in paragraphs 1, 4 and 5 OF THIS SUBSECTION,
29 checks, drafts, negotiable orders of withdrawal, money orders or any other
30 item that has become available for withdrawal in accordance with the
31 federal expedited funds availability act (P.L. 100-86; 101 Stat. 635; 12
32 United States Code section 4001).

1 3. Credit transfers through the automated ~~clearing house~~
2 CLEARINGHOUSE that are deemed available by the depository institution
3 receiving the credits. The credits must conform to the operating rules set
4 forth by a national automated ~~clearing house~~ CLEARINGHOUSE association.

5 4. Cashier's checks, certified checks or teller's checks that have
6 been deposited in the escrow agent's depository account.

7 5. Checks made by an affiliate of a state or federally regulated
8 depository institution where the check is drawn on the affiliated
9 depository institution so that the monies are deposited in the escrow
10 agent's depository account.

11 B. An escrow agent may disburse up to ~~five hundred dollars~~ \$500 per
12 transaction or any funds that are available as cash without complying with
13 subsection A OF THIS SECTION.

14 C. TRANSFERS MADE PURSUANT TO THIS SECTION MAY NOT BE SETTLED OR
15 BACKED BY FEDERALLY RECOGNIZED CENTRAL BANK DIGITAL CURRENCY.

16 ~~C.~~ D. Subsection A OF THIS SECTION does not apply to account
17 servicing.

18 Sec. 4. Section 9-1443, Arizona Revised Statutes, is amended to
19 read:

20 9-1443. License fee; requirements, conditions and limitations;
21 pass through to subscribers

22 A. For the privilege of a video service provider to occupy or use,
23 in whole or in part, any highway within the boundaries of a local
24 government to provide video service through a video service network, the
25 local government may require a video service provider to pay a license fee
26 to the local government based on the gross revenue that the video service
27 provider receives from its subscribers located within the boundaries of the
28 local government. The license fee both:

29 1. Is subject to the limit prescribed in section 9-1442, subsection
30 B and to offset, including amounts collected from subscribers, as
31 prescribed by section 9-1442, subsections A and I and subsection D of this
32 section.

1 2. Shall be due ~~no~~ NOT more often than quarterly.

2 B. If the local government requires a license fee pursuant to
3 subsection A of this section, the local government shall adopt a local law
4 that imposes the license fee equally and uniformly on all of the following
5 that are operating within the boundaries of the local government:

6 1. Video service providers.

7 2. Holdover cable operators.

8 C. A video service provider shall pay the entire amount of the
9 license fee directly to the local government in a check, draft or note or
10 automated clearinghouse transaction that is payable in legal tender as
11 defined in section ~~43-1021~~ 1-901.

12 D. A video service provider may do all of the following:

13 1. Pass the license fee through to and collect the license fee from
14 its subscribers within the boundaries of the local government, including
15 for an incumbent cable operator any change in license fees that results
16 from a change in the applicable definition of gross revenue.

17 2. Designate the amount of the license fee collected from each
18 subscriber as a separate line item on the subscriber's bill.

19 Sec. 5. Section 11-1943, Arizona Revised Statutes, is amended to
20 read:

21 11-1943. License fee; requirements; conditions and
22 limitations; pass through to subscribers

23 A. For the privilege of a video service provider to occupy or use,
24 in whole or in part, any highway within the boundaries of a county to
25 provide video service through a video service network, the county may
26 require a video service provider to pay a license fee to the county based
27 on the gross revenue that the video service provider receives from its
28 subscribers located within the boundaries of the county. The license fee
29 both:

30 1. Is subject to the limit prescribed by section 11-1942, subsection
31 B and to offset, including amounts collected from subscribers, as

1 prescribed by section 11-1942, subsections A and I and subsection D of this
2 section.

3 2. Shall be due ~~no~~ NOT more often than quarterly.

4 B. If the county requires a license fee pursuant to subsection A of
5 this section, the county shall adopt a local law that imposes the license
6 fee equally and uniformly on all of the following that are operating within
7 the boundaries of the county:

8 1. Video service providers.

9 2. Holdover cable operators.

10 C. A video service provider shall pay the entire amount of the
11 license fee directly to the county in a check, draft or note or automated
12 clearinghouse transaction that is payable in legal tender as defined in
13 section ~~43-1021~~ 1-901.

14 D. A video service provider may do all of the following:

15 1. Pass the license fee through to and collect the license fee from
16 its subscribers within the boundaries of the county, including for an
17 incumbent cable operator any change in license fees that results from a
18 change in the applicable definition of gross revenue.

19 2. Designate the amount of the license fee collected from each
20 subscriber as a separate line item on the subscriber's bill.

21 Sec. 6. Section 43-1021, Arizona Revised Statutes, is amended to
22 read:

23 43-1021. Addition to Arizona gross income

24 In computing Arizona adjusted gross income, the following amounts
25 shall be added to Arizona gross income:

26 1. A beneficiary's share of the fiduciary adjustment to the extent
27 that the amount determined by section 43-1333 increases the beneficiary's
28 Arizona gross income.

29 2. An amount equal to the ordinary income portion of a lump sum
30 distribution that was excluded from federal adjusted gross income pursuant
31 to the special rule for individuals who attained fifty years of age before
32 January 1, 1986 under Public Law 99-514, section 1122(h)(3).

1 3. The amount of interest income received on obligations of any
2 state, territory or possession of the United States, or any political
3 subdivision thereof, located outside of this state, reduced, for taxable
4 years beginning from and after December 31, 1996, by the amount of any
5 interest on indebtedness and other related expenses that were incurred or
6 continued to purchase or carry those obligations and that are not
7 otherwise deducted or subtracted in arriving at Arizona gross income.

8 4. The excess of a partner's share of partnership taxable income
9 required to be included under chapter 14, article 2 of this title over the
10 income required to be reported under section 702(a)(8) of the internal
11 revenue code.

12 5. The excess of a partner's share of partnership losses determined
13 pursuant to section 702(a)(8) of the internal revenue code over the losses
14 allowable under chapter 14, article 2 of this title.

15 6. Any amount of agricultural water conservation expenses that were
16 deducted pursuant to the internal revenue code for which a credit is
17 claimed under section 43-1084.

18 7. The amount by which the depreciation or amortization computed
19 under the internal revenue code with respect to property for which a credit
20 was taken under section 43-1081.01 or that is pollution control equipment
21 for which a credit was taken before taxable year 2022 exceeds the amount of
22 depreciation or amortization computed pursuant to the internal revenue code
23 on the Arizona adjusted basis of the property.

24 8. The amount by which the adjusted basis computed under the
25 internal revenue code with respect to property for which a credit was
26 claimed under section 43-1074.02 or 43-1081.01 or that is pollution control
27 equipment for which a credit was taken before taxable year 2022 and that is
28 sold or otherwise disposed of during the taxable year exceeds the adjusted
29 basis of the property computed under section 43-1074.02 or 43-1081.01 or
30 for pollution control equipment, the section in which the credit was taken,
31 as applicable.

1 9. The deduction referred to in section 1341(a)(4) of the internal
2 revenue code for restoration of a substantial amount held under a claim of
3 right.

4 10. The amount by which a net operating loss carryover or capital
5 loss carryover allowable pursuant to section 1341(b)(5) of the internal
6 revenue code exceeds the net operating loss carryover or capital loss
7 carryover allowable pursuant to section 43-1029, subsection F.

8 11. The amount of any depreciation allowance allowed pursuant to
9 section 167(a) of the internal revenue code to the extent not previously
10 added.

11 12. The amount of a nonqualified withdrawal, as defined in section
12 15-1871, from a college savings plan established pursuant to section 529 of
13 the internal revenue code that is made to a distributee to the extent the
14 amount is not included in computing federal adjusted gross income, except
15 that the amount added under this paragraph shall not exceed the difference
16 between the amount subtracted under section 43-1022 in prior taxable years
17 and the amount added under this section in any prior taxable years.

18 13. If a subtraction is or has been taken by the taxpayer under
19 section 43-1024, in the current or a prior taxable year for the full amount
20 of eligible access expenditures paid or incurred to comply with the
21 requirements of the Americans with disabilities act of 1990 (P.L. 101-336)
22 or title 41, chapter 9, article 8, any amount of eligible access
23 expenditures that is recognized under the internal revenue code, including
24 any amount that is amortized according to federal amortization schedules,
25 and that is included in computing taxable income for the current taxable
26 year.

27 14. For taxable years beginning from and after December 31, 2017,
28 the amount of any net capital loss included in Arizona gross income for the
29 taxable year that is derived from the exchange of one kind of legal tender
30 for another kind of legal tender. For the purposes of this paragraph, ~~☞~~

31 ~~(a) "legal tender" means a medium of exchange, including specie,~~
32 ~~that is authorized by the United States Constitution or Congress to pay~~

1 ~~debts, public charges, taxes and dues~~ HAS THE SAME MEANING PRESCRIBED IN
2 SECTION 1-901.

3 ~~(b) "Specie" means coins having precious metal content.~~

4 15. For taxable years beginning from and after December 31, 2021,
5 the amount deducted by the partnership or S corporation pursuant to the
6 internal revenue code for the amount paid to this state under section
7 43-1014 and for taxes that the department determines are substantially
8 similar to the tax imposed under section 43-1014. This amount shall be
9 reflected in the partner's or shareholder's Arizona gross income and the
10 partnership's or S corporation's Arizona taxable income.

11 16. The amount of any motion picture production costs that was
12 deducted pursuant to the internal revenue code for which a tax credit is
13 claimed under section 43-1082.

14 Sec. 7. Section 43-1022, Arizona Revised Statutes, is amended to
15 read:

16 43-1022. Subtractions from Arizona gross income

17 In computing Arizona adjusted gross income, the following amounts
18 shall be subtracted from Arizona gross income:

19 1. The amount of exemptions allowed by section 43-1023.

20 2. Benefits, annuities and pensions in an amount totaling not more
21 than \$2,500 received from one or more of the following:

22 (a) The United States government service retirement and disability
23 fund, the United States foreign service retirement and disability system
24 and any other retirement system or plan established by federal law, except
25 retired or retainer pay of the uniformed services of the United States that
26 qualifies for a subtraction under paragraph 26 of this section.

27 (b) The Arizona state retirement system, the corrections officer
28 retirement plan, the public safety personnel retirement system, the elected
29 officials' retirement plan, an optional retirement program established by
30 the Arizona board of regents under section 15-1628, an optional retirement
31 program established by a community college district board under section

1 15-1451 or a retirement plan established for employees of a county, city or
2 town in this state.

3 3. A beneficiary's share of the fiduciary adjustment to the extent
4 that the amount determined by section 43-1333 decreases the beneficiary's
5 Arizona gross income.

6 4. Interest income received on obligations of the United States,
7 minus any interest on indebtedness, or other related expenses, and deducted
8 in arriving at Arizona gross income, that were incurred or continued to
9 purchase or carry such obligations.

10 5. The excess of a partner's share of income required to be included
11 under section 702(a)(8) of the internal revenue code over the income
12 required to be included under chapter 14, article 2 of this title.

13 6. The excess of a partner's share of partnership losses determined
14 pursuant to chapter 14, article 2 of this title over the losses allowable
15 under section 702(a)(8) of the internal revenue code.

16 7. The amount allowed by section 43-1025 for contributions during
17 the taxable year of agricultural crops to charitable organizations.

18 8. The portion of any wages or salaries paid or incurred by the
19 taxpayer for the taxable year that is equal to the amount of the federal
20 work opportunity credit, the empowerment zone employment credit, the credit
21 for employer paid social security taxes on employee cash tips and the
22 Indian employment credit that the taxpayer received under sections 45A,
23 45B, 51(a) and 1396 of the internal revenue code.

24 9. The amount of exploration expenses that is determined pursuant to
25 section 617 of the internal revenue code, that has been deferred in a
26 taxable year ending before January 1, 1990 and for which a subtraction has
27 not previously been made. The subtraction shall be made on a ratable basis
28 as the units of produced ores or minerals discovered or explored as a
29 result of this exploration are sold.

30 10. The amount included in federal adjusted gross income pursuant to
31 section 86 of the internal revenue code, relating to taxation of social
32 security and railroad retirement benefits.

1 11. To the extent not already excluded from Arizona gross income
2 under the internal revenue code, compensation received for active service
3 as a member of the reserves, the national guard or the armed forces of the
4 United States, including compensation for service in a combat zone as
5 determined under section 112 of the internal revenue code.

6 12. The amount of unreimbursed medical and hospital costs, adoption
7 counseling, legal and agency fees and other nonrecurring costs of adoption
8 not to exceed \$3,000. In the case of a husband and wife who file separate
9 returns, the subtraction may be taken by either taxpayer or may be divided
10 between them, but the total subtractions allowed both husband and wife may
11 not exceed \$3,000. The subtraction under this paragraph may be taken for
12 the costs that are described in this paragraph and that are incurred in
13 prior years, but the subtraction may be taken only in the year during which
14 the final adoption order is granted.

15 13. The amount authorized by section 43-1027 for the taxable year
16 relating to qualified wood stoves, wood fireplaces or gas fired fireplaces.

17 14. The amount by which a net operating loss carryover or capital
18 loss carryover allowable pursuant to section 43-1029, subsection F exceeds
19 the net operating loss carryover or capital loss carryover allowable
20 pursuant to section 1341(b)(5) of the internal revenue code.

21 15. Any amount of qualified educational expenses that is distributed
22 from a qualified state tuition program determined pursuant to section 529
23 of the internal revenue code and that is included in income in computing
24 federal adjusted gross income.

25 16. Any item of income resulting from an installment sale that has
26 been properly subjected to income tax in another state in a previous
27 taxable year and that is included in Arizona gross income in the current
28 taxable year.

29 17. For property placed in service:

30 (a) In taxable years beginning before December 31, 2012, an amount
31 equal to the depreciation allowable pursuant to section 167(a) of the
32 internal revenue code for the taxable year computed as if the election

1 described in section 168(k) of the internal revenue code had been made for
2 each applicable class of property in the year the property was placed in
3 service.

4 (b) In taxable years beginning from and after December 31, 2012
5 through December 31, 2013, an amount determined in the year the asset was
6 placed in service based on the calculation in subdivision (a) of this
7 paragraph. In the first taxable year beginning from and after December 31,
8 2013, the taxpayer may elect to subtract the amount necessary to make the
9 depreciation claimed to date for the purposes of this title the same as it
10 would have been if subdivision (c) of this paragraph had applied for the
11 entire time the asset was in service. Subdivision (c) of this paragraph
12 applies for the remainder of the asset's life. If the taxpayer does not
13 make the election under this subdivision, subdivision (a) of this paragraph
14 applies for the remainder of the asset's life.

15 (c) In taxable years beginning from and after December 31, 2013
16 through December 31, 2015, an amount equal to the depreciation allowable
17 pursuant to section 167(a) of the internal revenue code for the taxable
18 year as computed as if the additional allowance for depreciation had been
19 ten percent of the amount allowed pursuant to section 168(k) of the
20 internal revenue code.

21 (d) In taxable years beginning from and after December 31, 2015
22 through December 31, 2016, an amount equal to the depreciation allowable
23 pursuant to section 167(a) of the internal revenue code for the taxable
24 year as computed as if the additional allowance for depreciation had been
25 fifty-five percent of the amount allowed pursuant to section 168(k) of the
26 internal revenue code.

27 (e) In taxable years beginning from and after December 31, 2016, an
28 amount equal to the depreciation allowable pursuant to section 167(a) of
29 the internal revenue code for the taxable year as computed as if the
30 additional allowance for depreciation had been the full amount allowed
31 pursuant to section 168(k) of the internal revenue code.

1 18. With respect to property that is sold or otherwise disposed of
2 during the taxable year by a taxpayer that complied with section 43-1021,
3 paragraph 11 with respect to that property, the amount of depreciation that
4 has been allowed pursuant to section 167(a) of the internal revenue code to
5 the extent that the amount has not already reduced Arizona taxable income
6 in the current or prior taxable years.

7 19. The amount contributed during the taxable year to college
8 savings plans established pursuant to section 529 of the internal revenue
9 code on behalf of the designated beneficiary to the extent that the
10 contributions were not deducted in computing federal adjusted gross income.
11 The amount subtracted may not exceed:

12 (a) \$2,000 per beneficiary for a single individual or a head of
13 household.

14 (b) \$4,000 per beneficiary for a married couple filing a joint
15 return. In the case of a husband and wife who file separate returns, the
16 subtraction may be taken by either taxpayer or may be divided between them,
17 but the total subtractions allowed both husband and wife may not exceed
18 \$4,000 per beneficiary.

19 20. The portion of the net operating loss carryforward that would
20 have been allowed as a deduction in the current year pursuant to section
21 172 of the internal revenue code if the election described in section
22 172(b)(1)(H) of the internal revenue code had not been made in the year of
23 the loss that exceeds the actual net operating loss carryforward that was
24 deducted in arriving at federal adjusted gross income. This subtraction
25 only applies to taxpayers who made an election under section 172(b)(1)(H)
26 of the internal revenue code as amended by section 1211 of the American
27 recovery and reinvestment act of 2009 (P.L. 111-5) or as amended by section
28 13 of the worker, homeownership, and business assistance act of 2009
29 (P.L. 111-92).

30 21. For taxable years beginning from and after December 31, 2013,
31 the amount of any net capital gain included in federal adjusted gross
32 income for the taxable year derived from investment in a qualified small

1 business as determined by the Arizona commerce authority pursuant to
2 section 41-1518.

3 22. An amount of any net long-term capital gain included in federal
4 adjusted gross income for the taxable year that is derived from an
5 investment in an asset acquired after December 31, 2011, as follows:

6 (a) For taxable years beginning from and after December 31, 2012
7 through December 31, 2013, ten percent of the net long-term capital gain
8 included in federal adjusted gross income.

9 (b) For taxable years beginning from and after December 31, 2013
10 through December 31, 2014, twenty percent of the net long-term capital gain
11 included in federal adjusted gross income.

12 (c) For taxable years beginning from and after December 31, 2014,
13 twenty-five percent of the net long-term capital gain included in federal
14 adjusted gross income. For the purposes of this paragraph, a transferee
15 that receives an asset by gift or at the death of a transferor is
16 considered to have acquired the asset when the asset was acquired by the
17 transferor. If the date an asset is acquired cannot be verified, a
18 subtraction under this paragraph is not allowed.

19 23. If an individual is not claiming itemized deductions pursuant to
20 section 43-1042, the amount of premium costs for long-term care insurance,
21 as defined in section 20-1691.

22 24. The amount of eligible access expenditures paid or incurred
23 during the taxable year to comply with the requirements of the Americans
24 with disabilities act of 1990 (P.L. 101-336) or title 41, chapter 9,
25 article 8 as provided by section 43-1024.

26 25. For taxable years beginning from and after December 31, 2017,
27 the amount of any net capital gain included in Arizona gross income for the
28 taxable year that is derived from the exchange of one kind of legal tender
29 for another kind of legal tender. For the purposes of this paragraph, ~~:-~~

30 ~~(a) "legal tender" means a medium of exchange, including specie,~~
31 ~~that is authorized by the United States Constitution or Congress to pay~~

1 ~~debts, public charges, taxes and dues~~ HAS THE SAME MEANING PRESCRIBED IN
2 SECTION 1-901.

3 ~~(b) "Specie" means coins having precious metal content.~~

4 26. Benefits, annuities and pensions received as retired or retainer
5 pay of the uniformed services of the United States in amounts as follows:

6 (a) For taxable years through December 31, 2018, an amount totaling
7 not more than \$2,500.

8 (b) For taxable years beginning from and after December 31, 2018
9 through December 31, 2020, an amount totaling not more than \$3,500.

10 (c) For taxable years beginning from and after December 31, 2020,
11 the full amount received.

12 27. For taxable years beginning from and after December 31, 2020,
13 the amount contributed during the taxable year to an achieving a better
14 life experience account established pursuant to section 529A of the
15 internal revenue code on behalf of the designated beneficiary to the extent
16 that the contributions were not deducted in computing federal adjusted
17 gross income. The amount subtracted may not exceed:

18 (a) \$2,000 per beneficiary for a single individual or a head of
19 household.

20 (b) \$4,000 per beneficiary for a married couple filing a joint
21 return. In the case of a husband and wife who file separate returns, the
22 subtraction may be taken by either taxpayer or may be divided between them,
23 but the total subtractions allowed both husband and wife may not exceed
24 \$4,000 per beneficiary.

25 28. For taxable years beginning from and after December 31, 2020,
26 Arizona small business gross income but only if an individual taxpayer has
27 elected to separately report and pay tax on the taxpayer's Arizona small
28 business adjusted gross income on the Arizona small business income tax
29 return.

30 29. To the extent not already excluded from Arizona gross income
31 under the internal revenue code, the value of virtual currency and
32 non-fungible tokens the taxpayer received pursuant to an airdrop at the

1 time of the airdrop. This paragraph may not be interpreted as providing a
2 subtraction for any appreciation in value that occurs from holding the
3 virtual currency after the initial receipt of the airdrop. For the
4 purposes of this paragraph:

5 (a) "Airdrop" means the receipt of virtual currency through a means
6 of distribution of virtual currency to the distributed ledger addresses of
7 multiple taxpayers.

8 (b) "Non-fungible token" has the same meaning prescribed in section
9 43-1028.

10 (c) "Virtual currency" has the same meaning prescribed in section
11 43-1028.

12 30. The amount allowed as a subtraction by section 43-1028 for gas
13 fees not already included in the taxpayer's virtual currency or
14 non-fungible token basis.

15 Sec. 8. Section 43-1121, Arizona Revised Statutes, is amended to
16 read:

17 43-1121. Additions to Arizona gross income: corporations

18 In computing Arizona taxable income for a corporation, the following
19 amounts shall be added to Arizona gross income:

20 1. The amount of interest income received on obligations of any
21 state, territory or possession of the United States, or any political
22 subdivision thereof, located outside this state, reduced, for taxable years
23 beginning from and after December 31, 1996, by the amount of any interest
24 on indebtedness and other related expenses that were incurred or continued
25 to purchase or carry those obligations and that are not otherwise deducted
26 or subtracted in arriving at Arizona gross income.

27 2. The excess of a partner's share of partnership taxable income
28 required to be included under chapter 14, article 2 of this title over the
29 income required to be reported under section 702(a)(8) of the internal
30 revenue code.

1 3. The excess of a partner's share of partnership losses determined
2 pursuant to section 702(a)(8) of the internal revenue code over the losses
3 allowable under chapter 14, article 2 of this title.

4 4. The amount of any depreciation allowance allowed pursuant to
5 section 167(a) of the internal revenue code to the extent not previously
6 added.

7 5. The amount of dividend income received from corporations and
8 allowed as a deduction pursuant to sections 243, 245, 245A and 250(a)(1)(B)
9 of the internal revenue code.

10 6. Taxes that are based on income paid to states, local governments
11 or foreign governments and that were deducted in computing federal taxable
12 income.

13 7. Expenses and interest relating to tax-exempt income on
14 indebtedness incurred or continued to purchase or carry obligations the
15 interest on which is wholly exempt from the tax imposed by this title.
16 Financial institutions, as defined in section 6-101, shall be governed by
17 section 43-961, paragraph 2.

18 8. Commissions, rentals and other amounts paid or accrued to a
19 domestic international sales corporation controlled by the payor
20 corporation if the domestic international sales corporation is not required
21 to report its taxable income to this state because its income is not
22 derived from or attributable to sources within this state. If the domestic
23 international sales corporation is subject to article 4 of this chapter,
24 the department shall prescribe by rule the method of determining the
25 portion of the commissions, rentals and other amounts that are paid or
26 accrued to the controlled domestic international sales corporation and that
27 shall be deducted by the payor. For the purposes of this paragraph,
28 "control" means direct or indirect ownership or control of fifty percent or
29 more of the voting stock of the domestic international sales corporation by
30 the payor corporation.

31 9. The amount of net operating loss taken pursuant to section 172 of
32 the internal revenue code.

1 10. The amount of exploration expenses determined pursuant to
2 section 617 of the internal revenue code to the extent that they exceed
3 \$75,000 and to the extent that the election is made to defer those expenses
4 not in excess of \$75,000.

5 11. Amortization of costs incurred to install pollution control
6 devices and deducted pursuant to the internal revenue code or the amount of
7 deduction for depreciation taken pursuant to the internal revenue code on
8 pollution control devices for which an election is made pursuant to section
9 43-1129.

10 12. The amount of depreciation or amortization of costs of child
11 care facilities deducted pursuant to section 167 or 188 of the internal
12 revenue code for which an election is made to amortize pursuant to section
13 43-1130.

14 13. The loss of an insurance company that is exempt under section
15 43-1201 to the extent that it is included in computing Arizona gross income
16 on a consolidated return pursuant to section 43-947.

17 14. The amount by which the depreciation or amortization computed
18 under the internal revenue code with respect to property for which a credit
19 was taken under section 43-1170 exceeds the amount of depreciation or
20 amortization computed pursuant to the internal revenue code on the Arizona
21 adjusted basis of the property.

22 15. The amount by which the adjusted basis computed under the
23 internal revenue code with respect to property for which a credit was
24 claimed under section 43-1170 and that is sold or otherwise disposed of
25 during the taxable year exceeds the adjusted basis of the property computed
26 under section 43-1170.

27 16. The deduction referred to in section 1341(a)(4) of the internal
28 revenue code for restoration of a substantial amount held under a claim of
29 right.

30 17. The amount by which a capital loss carryover allowable pursuant
31 to section 1341(b)(5) of the internal revenue code exceeds the capital loss
32 carryover allowable pursuant to section 43-1130.01, subsection F.

1 18. Any wage expenses deducted pursuant to the internal revenue code
2 for which a credit is claimed under section 43-1175 and representing net
3 increases in qualified employment positions for employment of temporary
4 assistance for needy families recipients.

5 19. Any amount of expenses that were deducted pursuant to the
6 internal revenue code and for which a credit is claimed under section
7 43-1178.

8 20. Any amount deducted pursuant to section 170 of the internal
9 revenue code representing contributions to a school tuition organization
10 for which a credit is claimed under section 43-1183 or 43-1184.

11 21. If a subtraction is or has been taken by the taxpayer under
12 section 43-1124, in the current or a prior taxable year for the full amount
13 of eligible access expenditures paid or incurred to comply with the
14 requirements of the Americans with disabilities act of 1990 (P.L. 101-336)
15 or title 41, chapter 9, article 8, any amount of eligible access
16 expenditures that is recognized under the internal revenue code, including
17 any amount that is amortized according to federal amortization schedules,
18 and that is included in computing Arizona taxable income for the current
19 taxable year.

20 22. For taxable years beginning from and after December 31, 2017,
21 the amount of any net capital loss included in Arizona gross income for the
22 taxable year that is derived from the exchange of one kind of legal tender
23 for another kind of legal tender. For the purposes of this paragraph, ~~—~~

24 ~~(a) "legal tender" means a medium of exchange, including specie,~~
25 ~~that is authorized by the United States Constitution or Congress to pay~~
26 ~~debts, public charges, taxes and dues~~ HAS THE SAME MEANING PRESCRIBED IN
27 SECTION 1-901.

28 ~~(b) "Specie" means coins having precious metal content.~~

29 23. The amount of any deduction that is claimed in computing Arizona
30 gross income and that represents a donation of a school site for which a
31 credit is claimed under section 43-1181.

1 24. The amount of any motion picture production costs that was
2 deducted pursuant to the internal revenue code for which a tax credit is
3 claimed under section 43-1165.

4 Sec. 9. Section 43-1122, Arizona Revised Statutes, is amended to
5 read:

6 43-1122. Subtractions from Arizona gross income; corporations

7 In computing Arizona taxable income for a corporation, the following
8 amounts shall be subtracted from Arizona gross income:

9 1. The excess of a partner's share of income required to be included
10 under section 702(a)(8) of the internal revenue code over the income
11 required to be included under chapter 14, article 2 of this title.

12 2. The excess of a partner's share of partnership losses determined
13 pursuant to chapter 14, article 2 of this title over the losses allowable
14 under section 702(a)(8) of the internal revenue code.

15 3. The amount allowed by section 43-1025 for contributions during
16 the taxable year of agricultural crops to charitable organizations.

17 4. The portion of any wages or salaries paid or incurred by the
18 taxpayer for the taxable year that is equal to the amount of the federal
19 work opportunity credit, the empowerment zone employment credit, the credit
20 for employer paid social security taxes on employee cash tips and the
21 Indian employment credit that the taxpayer received under sections 45A,
22 45B, 51(a) and 1396 of the internal revenue code.

23 5. With respect to property that is sold or otherwise disposed of
24 during the taxable year by a taxpayer that complied with section 43-1121,
25 paragraph 4 with respect to that property, the amount of depreciation that
26 has been allowed pursuant to section 167(a) of the internal revenue code to
27 the extent that the amount has not already reduced Arizona taxable income
28 in the current taxable year or prior taxable years.

29 6. With respect to a financial institution as defined in section
30 6-101, expenses and interest relating to tax-exempt income disallowed
31 pursuant to section 265 of the internal revenue code.

1 7. Dividends received from another corporation owned or controlled
2 directly or indirectly by a recipient corporation. For the purposes of
3 this paragraph, "control" means direct or indirect ownership or control of
4 fifty percent or more of the voting stock of the payor corporation by the
5 recipient corporation. Dividends shall have the meaning provided in section
6 316 of the internal revenue code. This subtraction shall apply without
7 regard to section 43-961, paragraph 2 and article 4 of this chapter.

8 8. Interest income received on obligations of the United States.

9 9. The amount of dividend income from foreign corporations. For the
10 purposes of this paragraph, gross up income as described in section 78 of
11 the internal revenue code, global intangible low-taxed income as defined in
12 section 951A of the internal revenue code and subpart F income as defined
13 in section 952 of the internal revenue code shall be considered foreign
14 dividends.

15 10. The amount of net operating loss allowed by section 43-1123.

16 11. The amount of any state income tax refunds received that were
17 included as income in computing federal taxable income.

18 12. The amount of expense recapture included in income pursuant to
19 section 617 of the internal revenue code for mine exploration expenses.

20 13. The amount of deferred exploration expenses allowed by section
21 43-1127.

22 14. The amount of exploration expenses related to the exploration of
23 oil, gas or geothermal resources, computed in the same manner and on the
24 same basis as a deduction for mine exploration pursuant to section 617 of
25 the internal revenue code. This computation is subject to the adjustments
26 contained in section 43-1121, paragraph 10 and paragraphs 12 and 13 of this
27 section relating to exploration expenses.

28 15. The amortization of pollution control devices allowed by section
29 43-1129.

30 16. The amount of amortization of the cost of child care facilities
31 pursuant to section 43-1130.

1 17. The amount of income from a domestic international sales
2 corporation required to be included in the income of its shareholders
3 pursuant to section 995 of the internal revenue code.

4 18. The income of an insurance company that is exempt under section
5 43-1201 to the extent that it is included in computing Arizona gross income
6 on a consolidated return pursuant to section 43-947.

7 19. The amount by which a capital loss carryover allowable pursuant
8 to section 43-1130.01, subsection F exceeds the capital loss carryover
9 allowable pursuant to section 1341(b)(5) of the internal revenue code.

10 20. An amount equal to the depreciation allowable pursuant to
11 section 167(a) of the internal revenue code for the taxable year computed
12 as if the election described in section 168(k)(7) of the internal revenue
13 code had been made for each applicable class of property in the year the
14 property was placed in service.

15 21. The amount of eligible access expenditures paid or incurred
16 during the taxable year to comply with the requirements of the Americans
17 with disabilities act of 1990 (P.L. 101-336) or title 41, chapter 9,
18 article 8 as provided by section 43-1124.

19 22. For taxable years beginning from and after December 31, 2017,
20 the amount of any net capital gain included in Arizona gross income for the
21 taxable year that is derived from the exchange of one kind of legal tender
22 for another kind of legal tender. For the purposes of this paragraph, ~~:-~~

23 ~~(a) "legal tender" means a medium of exchange, including specie,~~
24 ~~that is authorized by the United States Constitution or Congress to pay~~
25 ~~debts, public charges, taxes and dues~~ HAS THE SAME MEANING PRESCRIBED IN
26 SECTION 1-901.

27 ~~(b) "Specie" means coins having precious metal content.~~

28 23. With respect to a public service corporation operating a water
29 system or sewage disposal facility, the amount of monies or property
30 received as a contribution in aid of construction. For the purposes of
31 this paragraph:

1 (a) "Contribution in aid of construction" means any amount of monies
2 or other property contributed to a public service corporation that provides
3 water or sewage disposal services to the extent that the purpose of the
4 contribution is to provide for expanding, improving or replacing the public
5 service corporation's water system or sewage disposal facilities, including
6 any amount of monies or other property contributed to a public service
7 corporation for a water system or sewage disposal facility subject to a
8 contingent obligation to repay the amount, in whole or in part, to the
9 contributor.

10 (b) "Public service corporation" means a public service corporation
11 as defined in article XV, section 2, Constitution of Arizona, that is
12 regulated by the corporation commission.

13 Sec. 10. Section 47-1201, Arizona Revised Statutes, is amended to
14 read:

15 47-1201. General definitions

16 A. Unless the context otherwise requires, words or phrases defined
17 in this section, or in the additional definitions contained in other
18 chapters of this title that apply to particular chapters or parts thereof,
19 have the meanings stated.

20 B. Subject to definitions contained in other chapters of this title
21 that apply to particular chapters or parts thereof:

22 1. "Action", in the sense of a judicial proceeding, includes
23 recoupment, counterclaim, set-off, suit in equity and any other proceeding
24 in which rights are determined.

25 2. "Aggrieved party" means a party entitled to pursue a remedy.

26 3. "Agreement", as distinguished from "contract", means the bargain
27 of the parties in fact, as found in their language or inferred from other
28 circumstances, including course of performance, course of dealing or usage
29 of trade as provided in section 47-1303.

30 4. "Bank" means a person engaged in the business of banking and
31 includes a savings bank, savings and loan association, credit union and
32 trust company.

1 5. "Bearer" means a person in control of a negotiable electronic
2 document of title or a person in possession of a negotiable instrument,
3 negotiable tangible document of title or certificated security that is
4 payable to bearer or indorsed in blank.

5 6. "Bill of lading" means a document of title evidencing the receipt
6 of goods for shipment issued by a person engaged in the business of
7 directly or indirectly transporting or forwarding goods. The term does not
8 include a warehouse receipt.

9 7. "Branch" includes a separately incorporated foreign branch of a
10 bank.

11 8. "Burden of establishing" a fact means the burden of persuading
12 the trier of fact that the existence of the fact is more probable than its
13 nonexistence.

14 9. "Buyer in ordinary course of business" means a person that buys
15 goods in good faith, without knowledge that the sale violates the rights of
16 another person in the goods, and in the ordinary course from a person,
17 other than a pawnbroker, in the business of selling goods of that kind. A
18 person buys goods in the ordinary course if the sale to the person comports
19 with the usual or customary practices in the kind of business in which the
20 seller is engaged or with the seller's own usual or customary practices. A
21 person that sells oil, gas or other minerals at the wellhead or minehead is
22 a person in the business of selling goods of that kind. A buyer in
23 ordinary course of business may buy for cash, by exchange of other property
24 or on secured or unsecured credit, and may acquire goods or documents of
25 title under a preexisting contract for sale. Only a buyer that takes
26 possession of the goods or has a right to recover the goods from the seller
27 under chapter 2 of this title may be a buyer in ordinary course of
28 business. Buyer in ordinary course of business does not include a person
29 that acquires goods in a transfer in bulk or as security for or in total or
30 partial satisfaction of a money debt.

31 10. "Conspicuous", with reference to a term, means so written,
32 displayed or presented that a reasonable person against which it is to

1 operate ought to have noticed it. Whether a term is conspicuous or not is
2 a decision for the court. Conspicuous terms include the following:

3 (a) A heading in capitals equal to or greater in size than the
4 surrounding text, or in contrasting type, font or color to the surrounding
5 text of the same or lesser size; and

6 (b) Language in the body of a record or display in larger type than
7 the surrounding text, or in contrasting type, font or color to the
8 surrounding text of the same size, or set off from surrounding text of the
9 same size by symbols or other marks that call attention to the language.

10 11. "Consumer" means an individual who enters into a transaction
11 primarily for personal, family or household purposes.

12 12. "Contract", as distinguished from "agreement", means the total
13 legal obligation that results from the parties' agreement as determined by
14 this title as supplemented by any other applicable laws.

15 13. "Creditor" includes a general creditor, a secured creditor, a
16 lien creditor and any representative of creditors, including an assignee
17 for the benefit of creditors, a trustee in bankruptcy, a receiver in equity
18 and an executor or administrator of an insolvent debtor's or assignor's
19 estate.

20 14. "Defendant" includes a person in the position of defendant in a
21 counterclaim, cross-claim or third-party claim.

22 15. "Delivery", with respect to an electronic document of title,
23 means voluntary transfer of control, and with respect to an instrument, a
24 tangible document of title or chattel paper means voluntary transfer of
25 possession.

26 16. "Document of title" means a record:

27 (a) That in the regular course of business or financing is treated
28 as adequately evidencing that the person in possession or control of the
29 record is entitled to receive, control, hold and dispose of the record and
30 the goods the record covers; and

31 (b) That purports to be issued by or addressed to a bailee and to
32 cover goods in the bailee's possession that are either identified or are

1 fungible portions of an identified mass. The term includes a bill of
2 lading, transport document, dock warrant, dock receipt, warehouse receipt
3 and order for delivery of goods. An electronic document of title means a
4 document of title evidenced by a record consisting of information stored in
5 an electronic medium. A tangible document of title means a document of
6 title evidenced by a record consisting of information that is inscribed on
7 a tangible medium.

8 17. "Fault" means a default, breach or wrongful act or omission.

9 18. "Fungible goods" means:

10 (a) Goods of which any unit, by nature or usage of trade, is the
11 equivalent of any other like unit; or

12 (b) Goods that by agreement are treated as equivalent.

13 19. "Genuine" means free of forgery or counterfeiting.

14 20. "Good faith" means honesty in fact in the conduct or transaction
15 concerned.

16 21. "Holder" means:

17 (a) The person in possession of a negotiable instrument that is
18 payable either to bearer or to an identified person that is the person in
19 possession;

20 (b) The person in possession of a negotiable tangible document of
21 title if the goods are deliverable either to bearer or to the order of the
22 person in possession; or

23 (c) The person in control of a negotiable electronic document of
24 title.

25 22. "Insolvency proceeding" includes an assignment for the benefit
26 of creditors or other proceeding intended to liquidate or rehabilitate the
27 estate of the person involved.

28 23. "Insolvent" means:

29 (a) Having generally ceased to pay debts in the ordinary course of
30 business other than as a result of bona fide dispute;

31 (b) Being unable to pay debts as they become due; or

32 (c) Being insolvent within the meaning of federal bankruptcy law.

1 24. "Money" means a medium of exchange currently authorized or
2 adopted by a domestic or foreign government. The term includes a monetary
3 unit of account established by an intergovernmental organization or by
4 agreement between two or more countries. **THE TERM DOES NOT INCLUDE**
5 **FEDERALLY RECOGNIZED CENTRAL BANK DIGITAL CURRENCY.**

6 25. "Organization" means a person other than an individual.

7 26. "Party", as distinguished from "third party", means a person
8 that has engaged in a transaction or made an agreement subject to this
9 title.

10 27. "Person" means an individual, corporation, business trust,
11 estate, trust, partnership, limited liability company, association, joint
12 venture, government, governmental subdivision, agency or instrumentality,
13 public corporation or any other legal or commercial entity.

14 28. "Present value" means the amount as of a date certain of one or
15 more sums payable in the future, discounted to the date certain by use of
16 either an interest rate specified by the parties if that rate is not
17 manifestly unreasonable at the time the transaction is entered into or, if
18 an interest rate is not so specified, a commercially reasonable rate that
19 takes into account the facts and circumstances at the time the transaction
20 is entered into.

21 29. "Purchase" means taking by sale, lease, discount, negotiation,
22 mortgage, pledge, lien, security interest, issue or reissue, gift or any
23 other voluntary transaction creating an interest in property.

24 30. "Purchaser" means a person that takes by purchase.

25 31. "Record" means information that is inscribed on a tangible
26 medium or that is stored in an electronic or other medium and is
27 retrievable in perceivable form.

28 32. "Remedy" means any remedial right to which an aggrieved party is
29 entitled with or without resort to a tribunal.

30 33. "Representative" means a person empowered to act for another,
31 including an agent, an officer of a corporation or association and a
32 trustee, executor or administrator of an estate.

1 34. "Right" includes remedy.

2 35. "Security interest" means an interest in personal property or
3 fixtures that secures payment or performance of an obligation. Security
4 interest includes any interest of a consignor and a buyer of accounts,
5 chattel paper, a payment intangible or a promissory note in a transaction
6 that is subject to chapter 9 of this title. Security interest does not
7 include the special property interest of a buyer of goods on identification
8 of those goods to a contract for sale under Section 47-2401, but a buyer
9 may also acquire a security interest by complying with chapter 9 of this
10 title. Except as otherwise provided in Section 47-2505, the right of a
11 seller or lessor of goods under chapter 2 or 2A of this title to retain or
12 acquire possession of the goods is not a security interest, but a seller or
13 lessor may also acquire a security interest by complying with chapter 9 of
14 this title. The retention or reservation of title by a seller of goods
15 notwithstanding shipment or delivery to the buyer under section 47-2401 is
16 limited in effect to a reservation of a security interest. Whether a
17 transaction in the form of a lease creates a security interest is
18 determined pursuant to section 47-1203.

19 36. "Send" in connection with a writing, record or notice means:

20 (a) To deposit in the mail or deliver for transmission by any other
21 usual means of communication with postage or cost of transmission provided
22 for and properly addressed and, in the case of an instrument, to an address
23 specified thereon or otherwise agreed, or if there is none to any address
24 reasonable under the circumstances; or

25 (b) In any other way to cause to be received any record or notice
26 within the time it would have arrived if properly sent.

27 37. "Signed" includes using any symbol executed or adopted with
28 present intention to adopt or accept a writing.

29 38. "State" means a state of the United States, the District of
30 Columbia, Puerto Rico, the United States Virgin Islands or any territory or
31 insular possession subject to the jurisdiction of the United States.

32 39. "Surety" includes a guarantor or other secondary obligor.

1 40. "Term" means a portion of an agreement that relates to a
2 particular matter.

3 41. "Unauthorized signature" means a signature made without actual,
4 implied or apparent authority. The term includes a forgery.

5 42. "Warehouse receipt" means a document of title issued by a person
6 engaged in the business of storing goods for hire.

7 43. "Writing" includes printing, typewriting or any other
8 intentional reduction to tangible form. "Written" has a corresponding
9 meaning."

10 Amend title to conform

JACQUELINE PARKER

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