

corrected

Fifty-sixth Legislature
First Regular Session

COMMITTEE ON MUNICIPAL OVERSIGHT & ELECTIONS
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 6-843, Arizona Revised Statutes, is amended to read:

23 6-843. Disbursements; applicability

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

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

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

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

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

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

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

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

28 ~~C.~~ D. Subsection A ~~OF THIS SECTION~~ does not apply to account
29 servicing.

30 Sec. 3. Section 6-851, Arizona Revised Statutes, is amended to read:

31 6-851. Definitions

32 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. 4. Section 9-1443, Arizona Revised Statutes, is amended to
20 read:

21 9-1443. License fee; requirements, conditions and limitations;
22 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 local
25 government to provide video service through a video service network, the
26 local government may require a video service provider to pay a license fee
27 to the local government based on the gross revenue that the video service
28 provider receives from its subscribers located within the boundaries of the
29 local government. The license fee both:

30 1. Is subject to the limit prescribed in section 9-1442, subsection
31 B and to offset, including amounts collected from subscribers, as

1 prescribed by section 9-1442, 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 local government requires a license fee pursuant to
5 subsection A of this section, the local government shall adopt a local law
6 that imposes the license fee equally and uniformly on all of the following
7 that are operating within the boundaries of the local government:

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 local government in a check, draft or note or
12 automated clearinghouse transaction that is payable in legal tender as
13 defined in 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 local government, including
17 for an incumbent cable operator any change in license fees that results
18 from a 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. 5. Section 11-1943, Arizona Revised Statutes, is amended to
22 read:

23 11-1943. License fee; requirements; conditions and
24 limitations; pass through to subscribers

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

1 1. Is subject to the limit prescribed by section 11-1942, subsection
2 B and to offset, including amounts collected from subscribers, as
3 prescribed by section 11-1942, subsections A and I and subsection D of this
4 section.

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

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

10 1. Video service providers.

11 2. Holdover cable operators.

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

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

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

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

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

25 43-1021. Addition to Arizona gross income

26 In computing Arizona adjusted gross income, the following amounts
27 shall be added to Arizona gross income:

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

31 2. An amount equal to the ordinary income portion of a lump sum
32 distribution that was excluded from federal adjusted gross income pursuant

1 to the special rule for individuals who attained fifty years of age before
2 January 1, 1986 under Public Law 99-514, section 1122(h)(3).

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

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

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

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

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

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

1 for pollution control equipment, the section in which the credit was taken,
2 as applicable.

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

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

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

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

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

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

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

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

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

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

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

18 43-1022. Subtractions from Arizona gross income

19 In computing Arizona adjusted gross income, the following amounts
20 shall be subtracted from Arizona gross income:

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

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

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

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

1 program established by a community college district board under section
2 15-1451 or a retirement plan established for employees of a county, city or
3 town in this state.

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

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

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

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

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

19 8. The portion of any wages or salaries paid or incurred by the
20 taxpayer for the taxable year that is equal to the amount of the federal
21 work opportunity credit, the empowerment zone employment credit, the credit
22 for employer paid social security taxes on employee cash tips and the
23 Indian employment credit that the taxpayer received under sections 45A,
24 45B, 51(a) and 1396 of the internal revenue code.

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

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

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

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

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

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

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

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

32 17. For property placed in service:

1 (a) In taxable years beginning before December 31, 2012, an amount
2 equal to the depreciation allowable pursuant to section 167(a) of the
3 internal revenue code for the taxable year computed as if the election
4 described in section 168(k) of the internal revenue code had been made for
5 each applicable class of property in the year the property was placed in
6 service.

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

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

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

30 (e) In taxable years beginning from and after December 31, 2016, an
31 amount equal to the depreciation allowable pursuant to section 167(a) of
32 the internal revenue code for the taxable year as computed as if the

1 additional allowance for depreciation had been the full amount allowed
2 pursuant to section 168(k) of the internal revenue code.

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

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

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

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

21 20. The portion of the net operating loss carryforward that would
22 have been allowed as a deduction in the current year pursuant to section
23 172 of the internal revenue code if the election described in section
24 172(b)(1)(H) of the internal revenue code had not been made in the year of
25 the loss that exceeds the actual net operating loss carryforward that was
26 deducted in arriving at federal adjusted gross income. This subtraction
27 only applies to taxpayers who made an election under section 172(b)(1)(H)
28 of the internal revenue code as amended by section 1211 of the American
29 recovery and reinvestment act of 2009 (P.L. 111-5) or as amended by section
30 13 of the worker, homeownership, and business assistance act of 2009
31 (P.L. 111-92).

1 21. For taxable years beginning from and after December 31, 2013,
2 the amount of any net capital gain included in federal adjusted gross
3 income for the taxable year derived from investment in a qualified small
4 business as determined by the Arizona commerce authority pursuant to
5 section 41-1518.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (b) \$4,000 per beneficiary for a married couple filing a joint
23 return. In the case of a husband and wife who file separate returns, the
24 subtraction may be taken by either taxpayer or may be divided between them,
25 but the total subtractions allowed both husband and wife may not exceed
26 \$4,000 per beneficiary.

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

1 29. To the extent not already excluded from Arizona gross income
2 under the internal revenue code, the value of virtual currency and
3 non-fungible tokens the taxpayer received pursuant to an airdrop at the
4 time of the airdrop. This paragraph may not be interpreted as providing a
5 subtraction for any appreciation in value that occurs from holding the
6 virtual currency after the initial receipt of the airdrop. For the
7 purposes of this paragraph:

8 (a) "Airdrop" means the receipt of virtual currency through a means
9 of distribution of virtual currency to the distributed ledger addresses of
10 multiple taxpayers.

11 (b) "Non-fungible token" has the same meaning prescribed in section
12 43-1028.

13 (c) "Virtual currency" has the same meaning prescribed in section
14 43-1028.

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

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

20 43-1121. Additions to Arizona gross income; corporations

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

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

30 2. The excess of a partner's share of partnership taxable income
31 required to be included under chapter 14, article 2 of this title over the

1 income required to be reported under section 702(a)(8) of the internal
2 revenue code.

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

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

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

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

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

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

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

3 10. The amount of exploration expenses determined pursuant to
4 section 617 of the internal revenue code to the extent that they exceed
5 \$75,000 and to the extent that the election is made to defer those expenses
6 not in excess of \$75,000.

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

12 12. The amount of depreciation or amortization of costs of child
13 care facilities deducted pursuant to section 167 or 188 of the internal
14 revenue code for which an election is made to amortize pursuant to section
15 43-1130.

16 13. The loss of an insurance company that is exempt under section
17 43-1201 to the extent that it is included in computing Arizona gross income
18 on a consolidated return pursuant to section 43-947.

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

24 15. 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 43-1170 and that is sold or otherwise disposed of
27 during the taxable year exceeds the adjusted basis of the property computed
28 under section 43-1170.

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

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

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

8 19. Any amount of expenses that were deducted pursuant to the
9 internal revenue code and for which a credit is claimed under section
10 43-1178.

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

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

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

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

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

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

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

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

9 43-1122. Subtractions from Arizona gross income; corporations

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

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

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

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

20 4. The portion of any wages or salaries paid or incurred by the
21 taxpayer for the taxable year that is equal to the amount of the federal
22 work opportunity credit, the empowerment zone employment credit, the credit
23 for employer paid social security taxes on employee cash tips and the
24 Indian employment credit that the taxpayer received under sections 45A,
25 45B, 51(a) and 1396 of the internal revenue code.

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

1 6. With respect to a financial institution as defined in section
2 6-101, expenses and interest relating to tax-exempt income disallowed
3 pursuant to section 265 of the internal revenue code.

4 7. Dividends received from another corporation owned or controlled
5 directly or indirectly by a recipient corporation. For the purposes of
6 this paragraph, "control" means direct or indirect ownership or control of
7 fifty percent or more of the voting stock of the payor corporation by the
8 recipient corporation. Dividends shall have the meaning provided in section
9 316 of the internal revenue code. This subtraction shall apply without
10 regard to section 43-961, paragraph 2 and article 4 of this chapter.

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

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

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

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

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

23 13. The amount of deferred exploration expenses allowed by section
24 43-1127.

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

31 15. The amortization of pollution control devices allowed by section
32 43-1129.

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

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

6 18. The income of an insurance company that is exempt under section
7 43-1201 to the extent that it is included in computing Arizona gross income
8 on a consolidated return pursuant to section 43-947.

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

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

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

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

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

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

30 23. With respect to a public service corporation operating a water
31 system or sewage disposal facility, the amount of monies or property

1 received as a contribution in aid of construction. For the purposes of
2 this paragraph:

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

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

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

17 47-1201. General definitions

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

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

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

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

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

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

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

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

12 7. "Branch" includes a separately incorporated foreign branch of a
13 bank.

14 8. "Burden of establishing" a fact means the burden of persuading
15 the trier of fact that the existence of the fact is more probable than its
16 nonexistence.

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

1 that acquires goods in a transfer in bulk or as security for or in total or
2 partial satisfaction of a money debt.

3 10. "Conspicuous", with reference to a term, means so written,
4 displayed or presented that a reasonable person against which it is to
5 operate ought to have noticed it. Whether a term is conspicuous or not is
6 a decision for the court. Conspicuous terms include the following:

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

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

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

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

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

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

26 15. "Delivery", with respect to an electronic document of title,
27 means voluntary transfer of control, and with respect to an instrument, a
28 tangible document of title or chattel paper means voluntary transfer of
29 possession.

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

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

6 (b) That purports to be issued by or addressed to a bailee and to
7 cover goods in the bailee's possession that are either identified or are
8 fungible portions of an identified mass. The term includes a bill of
9 lading, transport document, dock warrant, dock receipt, warehouse receipt
10 and order for delivery of goods. An electronic document of title means a
11 document of title evidenced by a record consisting of information stored in
12 an electronic medium. A tangible document of title means a document of
13 title evidenced by a record consisting of information that is inscribed on
14 a tangible medium.

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

16 18. "Fungible goods" means:

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

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

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

21 20. "Good faith" means honesty in fact in the conduct or transaction
22 concerned.

23 21. "Holder" means:

24 (a) The person in possession of a negotiable instrument that is
25 payable either to bearer or to an identified person that is the person in
26 possession;

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

30 (c) The person in control of a negotiable electronic document of
31 title.

1 22. "Insolvency proceeding" includes an assignment for the benefit
2 of creditors or other proceeding intended to liquidate or rehabilitate the
3 estate of the person involved.

4 23. "Insolvent" means:

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

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

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

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

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

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

18 27. "Person" means an individual, corporation, business trust,
19 estate, trust, partnership, limited liability company, association, joint
20 venture, government, governmental subdivision, agency or instrumentality,
21 public corporation or any other legal or commercial entity.

22 28. "Present value" means the amount as of a date certain of one or
23 more sums payable in the future, discounted to the date certain by use of
24 either an interest rate specified by the parties if that rate is not
25 manifestly unreasonable at the time the transaction is entered into or, if
26 an interest rate is not so specified, a commercially reasonable rate that
27 takes into account the facts and circumstances at the time the transaction
28 is entered into.

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

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

1 31. "Record" means information that is inscribed on a tangible
2 medium or that is stored in an electronic or other medium and is
3 retrievable in perceivable form.

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

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

9 34. "Right" includes remedy.

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

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

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

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

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

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

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

15 40. "Term" means a portion of an agreement that relates to a
16 particular matter.

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

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

21 43. "Writing" includes printing, typewriting or any other
22 intentional reduction to tangible form. "Written" has a corresponding
23 meaning."

24 Amend title to conform

And, as so amended, it do pass

JACQUELINE PARKER
CHAIRMAN