

REFERENCE TITLE: tax credit; substance abuse rehabilitation

State of Arizona
Senate
Fifty-sixth Legislature
First Regular Session
2023

SB 1222

Introduced by
Senator Shope

AN ACT

AMENDING SECTIONS 43-222 AND 43-1042, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1080; RELATING TO INDIVIDUAL INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 43-222, Arizona Revised Statutes, is amended to
3 read:

4 43-222. Income tax credit review schedule

5 The joint legislative income tax credit review committee shall
6 review the following income tax credits:

7 1. For years ending in 0 and 5, sections 43-1079.01, 43-1088,
8 43-1089.04, 43-1167.01 and 43-1175.

9 2. For years ending in 1 and 6, sections 43-1072.02, 43-1074.02,
10 43-1075, 43-1076.01, 43-1077, 43-1078, 43-1083, 43-1083.02, 43-1162,
11 43-1164.03 and 43-1183.

12 3. For years ending in 2 and 7, sections 43-1073, 43-1082, 43-1085,
13 43-1086, 43-1089, 43-1089.01, 43-1089.02, 43-1089.03, 43-1164,
14 43-1165, and 43-1181.

15 4. For years ending in 3 and 8, sections 43-1074.01, 43-1080,
16 43-1168, 43-1170 and 43-1178.

17 5. For years ending in 4 and 9, sections 43-1073.01, 43-1081.01,
18 43-1083.03, 43-1084, 43-1164.04, 43-1164.05 and 43-1184.

19 Sec. 2. Section 43-1042, Arizona Revised Statutes, is amended to
20 read:

21 43-1042. Itemized deductions

22 A. Except as provided by subsections B and C of this section, at
23 the election of the taxpayer, and in lieu of the standard deduction
24 allowed by section 43-1041, in computing taxable income the taxpayer may
25 take the amount of itemized deductions allowable for the taxable year
26 pursuant to subtitle A, chapter 1, subchapter B, parts VI and VII, but
27 subject to the limitations prescribed by sections 67, 68 and 274 of the
28 internal revenue code.

29 B. In lieu of the amount of the federal itemized deduction for
30 expenses paid for medical care allowed under section 213 of the internal
31 revenue code, the taxpayer may deduct the full amount of such expenses. A
32 TAXPAYER MAY NOT CLAIM THE DEDUCTION PROVIDED BY THIS SUBSECTION AND THE
33 CREDIT ALLOWED UNDER SECTION 43-1080.

34 C. A taxpayer shall not claim both a deduction provided by this
35 section and a credit allowed by this title with respect to the same
36 charitable contributions. This subsection applies to any contribution for
37 which a credit is allowed by this title even if the contribution is
38 treated as a payment of state income tax.

39 D. The taxpayer may add any interest expense paid by the taxpayer
40 for the taxable year that is equal to the amount of federal credit for
41 interest on certain home mortgages allowed by section 25 of the internal
42 revenue code.

1 Sec. 3. Title 43, chapter 10, article 5, Arizona Revised Statutes,
2 is amended by adding section 43-1080, to read:

3 43-1080. Credit for substance abuse rehabilitation

4 A. A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR
5 MEDICAL EXPENSES THAT THE TAXPAYER INCURRED FOR SUBSTANCE ABUSE
6 REHABILITATION.

7 B. THE AMOUNT OF THE CREDIT IS THE AMOUNT OF MEDICAL EXPENSES THAT
8 THE TAXPAYER INCURRED FOR SUBSTANCE ABUSE REHABILITATION THAT WOULD BE
9 ALLOWED UNDER SECTION 213 OF THE INTERNAL REVENUE CODE BUT EXCEEDED THE
10 AMOUNT ALLOWED UNDER SECTION 213 OF THE INTERNAL REVENUE CODE, NOT TO
11 EXCEED:

12 1. \$2,000 FOR A SINGLE INDIVIDUAL OR HEAD OF HOUSEHOLD.

13 2. \$4,000 FOR A MARRIED COUPLE FILING A JOINT RETURN.

14 C. A MARRIED COUPLE WHO FILE SEPARATE RETURNS FOR A TAXABLE YEAR IN
15 WHICH THEY COULD HAVE FILED A JOINT RETURN MAY EACH CLAIM ONLY ONE-HALF OF
16 THE TAX CREDIT THAT WOULD HAVE BEEN ALLOWED FOR A JOINT RETURN.

17 D. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE
18 UNDER THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE
19 UNDER THIS TITLE, THE TAXPAYER MAY CARRY THE AMOUNT OF THE CLAIM NOT USED
20 TO OFFSET THE TAXES UNDER THIS TITLE FORWARD FOR NOT MORE THAN FIVE
21 TAXABLE YEARS' INCOME TAX LIABILITY.

22 E. THE CREDIT ALLOWED BY THIS SECTION IS IN LIEU OF ANY DEDUCTION
23 FOR EXPENSES INCLUDED UNDER SECTION 43-1042 IN COMPUTING TAXABLE INCOME.

24 Sec. 4. Purpose

25 Pursuant to section 43-223, Arizona Revised Statutes, the
26 legislature enacts section 43-1080, Arizona Revised Statutes, as added by
27 this act, to provide relief for a taxpayer's out-of-pocket medical
28 expenses related to substance abuse rehabilitation.