

House Engrossed Senate Bill

~~appropriations; crime victim notification fund~~
(now: tax credit extension; affordable housing)

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

SENATE BILL 1244

AN ACT

AMENDING SECTION 41-3954, ARIZONA REVISED STATUTES; RELATING TO AFFORDABLE HOUSING 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 41-3954, Arizona Revised Statutes, is amended to
3 read:

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

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

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

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

24 D. The department shall allocate a total of \$4,000,000 of tax
25 credits under this section in any calendar year according to the date of
26 the allocation of the credit. An approved amount applies against the
27 dollar limit for the year in which the application is submitted. If, at
28 the end of the calendar year, an unused balance occurs under the dollar
29 limit prescribed by this subsection, the balance shall be reallocated for
30 the purposes of this subsection in the following year.

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

40 F. A qualified project that is approved for the purposes of the
41 credit under this section is not eligible for any abatement, ~~exemption~~ or
42 other reduction in state or local ad valorem property taxes ~~otherwise~~
43 ~~allowed by statute~~. FOR THE PURPOSES OF THIS SUBSECTION, THE VALUATION OF
44 A QUALIFIED PROJECT PURSUANT TO TITLE 42, CHAPTER 13, ARTICLE 13 IS NOT A
45 REDUCTION IN STATE OR LOCAL AD VALOREM PROPERTY TAXES.

1 G. The Arizona department of housing, with the cooperation of the
2 department of insurance and financial institutions and the department of
3 revenue, shall adopt rules and publish and prescribe forms and procedures
4 as necessary to administer this section, including criteria on which
5 eligibility statements are issued under this section.

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

14 I. On or before December 31 of each year, the department shall
15 submit to the president of the senate and the speaker of the house of
16 representatives a report that addresses whether the credits approved under
17 this section produced a significant number of additional affordable
18 housing units in this state and that analyzes the economic impact of the
19 credits approved under this section on this state. The department shall
20 provide a copy of this report to the secretary of state.

21 J. For the purposes of this section:

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

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

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