

REFERENCE TITLE: **income tax rate; reduction; surplus**

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

SB 1577

Introduced by
Senators Mesnard: Carroll, Kaiser

AN ACT

AMENDING TITLE 41, CHAPTER 7, ARTICLE 10, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-1275; AMENDING TITLE 43, CHAPTER 10, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1015; RELATING TO INCOME TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 41, chapter 7, article 10, Arizona Revised
3 Statutes, is amended by adding section 41-1275, to read:

4 41-1275. Annual ongoing state general fund revenue; joint
5 legislative budget committee determination;
6 definitions

7 A. FOR FISCAL YEAR 2023-2024 AND FOR EACH FISCAL YEAR THEREAFTER,
8 THE JOINT LEGISLATIVE BUDGET COMMITTEE SHALL DETERMINE THE FOLLOWING:

9 1. THE GROWTH LIMIT AND THE AMOUNT OF EXCESS STATE TAX COLLECTIONS.

10 2. IF ONGOING STATE GENERAL FUND REVENUES ARE MORE THAN THE GROWTH
11 LIMIT, THE STRUCTURAL SURPLUS AND THE ARIZONA TAXPAYER RETURN.

12 B. FOR THE PURPOSES OF THIS SECTION:

13 1. "ARIZONA TAXPAYER RETURN" MEANS FIFTY PERCENT OF THE STRUCTURAL
14 SURPLUS FOR THE IMMEDIATELY FOLLOWING FISCAL YEAR.

15 2. "EXCESS STATE TAX COLLECTIONS" MEANS THE AMOUNT OF ONGOING STATE
16 GENERAL FUND REVENUES THAT EXCEED THE GROWTH LIMIT FOR THE IMMEDIATELY
17 FOLLOWING FISCAL YEAR.

18 3. "GROWTH LIMIT" MEANS THE ONGOING STATE GENERAL FUND REVENUES FOR
19 FISCAL YEAR 2022-2023 AS DETERMINED BY THE JOINT LEGISLATIVE BUDGET
20 COMMITTEE, ANNUALLY INCREASED BY THE SUM OF THE PERCENTAGE CHANGE IN
21 INFLATION PLUS THE PERCENTAGE CHANGE IN POPULATION GROWTH.

22 4. "INFLATION" MEANS THE AVERAGE ANNUAL CHANGE IN THE METROPOLITAN
23 PHOENIX CONSUMER PRICE INDEX PUBLISHED BY THE UNITED STATES DEPARTMENT OF
24 LABOR, BUREAU OF LABOR STATISTICS, FOR THE MOST RECENTLY ENDED CALENDAR
25 YEAR.

26 5. "POPULATION GROWTH" MEANS THE YEAR-OVER-YEAR CHANGE IN TOTAL
27 POPULATION FOR THIS STATE FOR THE MOST RECENTLY ENDED CALENDAR YEAR AS
28 ESTIMATED BY THE UNITED STATES CENSUS BUREAU.

29 6. "STRUCTURAL SURPLUS" MEANS THE DIFFERENCE BETWEEN ONGOING STATE
30 GENERAL FUND REVENUES AND ONGOING STATE GENERAL FUND EXPENDITURES AFTER
31 ADJUSTING FOR REVENUE AND EXPENDITURE INCREASES AS ESTIMATED BY THE JOINT
32 LEGISLATIVE BUDGET COMMITTEE.

33 Sec. 2. Title 43, chapter 10, article 2, Arizona Revised Statutes,
34 is amended by adding section 43-1015, to read:

35 43-1015. Individual income tax rate reduction

36 FOR EACH TAXABLE YEAR BEGINNING FROM AND AFTER DECEMBER 31, 2023,
37 THE DEPARTMENT SHALL REDUCE THE TAX RATE PRESCRIBED BY SECTION 43-1011 FOR
38 THE CURRENT TAXABLE YEAR SO THAT THE AMOUNT OF THE RATE REDUCTION IS EQUAL
39 TO THE ARIZONA TAXPAYER RETURN AS DEFINED IN SECTION 41-1275 FOR THAT
40 TAXABLE YEAR.