

Senate Engrossed

income tax rate; reduction; surplus

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

# SENATE BILL 1577

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.