

Senate Engrossed
surplus; income tax rate; reduction

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

SENATE CONCURRENT RESOLUTION 1035

A CONCURRENT RESOLUTION

ENACTING AND ORDERING THE SUBMISSION TO THE PEOPLE OF A MEASURE RELATING
TO INCOME TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the Senate of the State of Arizona, the House of
2 Representatives concurring:

3 1. Under the power of the referendum, as vested in the Legislature,
4 the following measure, relating to income tax, is enacted to become valid
5 as a law if approved by the voters and on proclamation of the Governor:

6 AN ACT

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

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

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

15 41-1275. Annual ongoing state general fund revenue;
16 joint legislative budget committee
17 determination; definitions

18 A. FOR FISCAL YEAR 2025-2026 AND FOR EACH FISCAL YEAR
19 THEREAFTER, THE JOINT LEGISLATIVE BUDGET COMMITTEE SHALL
20 DETERMINE THE FOLLOWING:

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

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

26 B. FOR THE PURPOSES OF THIS SECTION:

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

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

32 3. "GROWTH LIMIT" MEANS THE ONGOING STATE GENERAL FUND
33 REVENUES FOR FISCAL YEAR 2024-2025 AS DETERMINED BY THE JOINT
34 LEGISLATIVE BUDGET COMMITTEE, ANNUALLY INCREASED BY THE SUM OF
35 THE PERCENTAGE CHANGE IN INFLATION PLUS THE PERCENTAGE CHANGE
36 IN POPULATION GROWTH.

37 4. "INFLATION" MEANS THE AVERAGE ANNUAL CHANGE IN THE
38 METROPOLITAN PHOENIX CONSUMER PRICE INDEX PUBLISHED BY THE
39 UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS,
40 FOR THE MOST RECENTLY ENDED CALENDAR YEAR.

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

44 6. "STRUCTURAL SURPLUS" MEANS THE DIFFERENCE BETWEEN
45 ONGOING STATE GENERAL FUND REVENUES AND ONGOING STATE GENERAL

1 FUND EXPENDITURES AFTER ADJUSTING FOR REVENUE AND EXPENDITURE
2 INCREASES AS ESTIMATED BY THE JOINT LEGISLATIVE BUDGET
3 COMMITTEE.

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

7 43-1015. Individual income tax rate reduction

8 FOR EACH TAXABLE YEAR BEGINNING FROM AND AFTER DECEMBER
9 31, 2025, THE DEPARTMENT SHALL REDUCE THE TAX RATE PRESCRIBED
10 BY SECTION 43-1011 FOR THE CURRENT TAXABLE YEAR SO THAT THE
11 AMOUNT OF THE RATE REDUCTION IS EQUAL TO THE ARIZONA TAXPAYER
12 RETURN AS DEFINED IN SECTION 41-1275 FOR THAT TAXABLE YEAR.

13 2. The Secretary of State shall submit this proposition to the
14 voters at the next general election as provided by article IV, part 1,
15 section 1, Constitution of Arizona.