

REFERENCE TITLE: employer surcharge; workforce development

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
Second Regular Session  
2024

## **HB 2867**

Introduced by  
Representatives Sandoval: Villegas

### AN ACT

AMENDING TITLE 41, CHAPTER 53, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-5304; AMENDING TITLE 43, CHAPTER 10, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1015; AMENDING TITLE 43, CHAPTER 11, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1112; AMENDING TITLE 43, CHAPTER 17, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1712; RELATING TO TAXATION OF INCOME.

(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 53, article 1, Arizona Revised  
3 Statutes, is amended by adding section 41-5304, to read:

4 41-5304. Community college apprenticeship and workforce  
5 development program fund; rules; definition

6 A. THE COMMUNITY COLLEGE APPRENTICESHIP AND WORKFORCE DEVELOPMENT  
7 PROGRAM FUND IS ESTABLISHED CONSISTING OF MONIES DEPOSITED PURSUANT TO  
8 SECTIONS 43-1015, 43-1112 AND 43-1712. THE OFFICE SHALL ADMINISTER THE  
9 FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED.

10 B. THE OFFICE SHALL ESTABLISH AN APPLICATION PROCESS FOR COMMUNITY  
11 COLLEGES TO APPLY FOR AND RECEIVE MONIES FROM THE FUND FOR THE DEVELOPMENT  
12 AND ADMINISTRATION OF APPRENTICESHIP AND WORKFORCE DEVELOPMENT PROGRAMS AT  
13 A COMMUNITY COLLEGE.

14 C. THE OFFICE SHALL ADOPT RULES AND PRESCRIBE FORMS TO ADMINISTER  
15 THIS SECTION.

16 D. FOR THE PURPOSES OF THIS SECTION, "COMMUNITY COLLEGE" HAS THE  
17 SAME MEANING PRESCRIBED IN SECTION 15-1401.

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

20 43-1015. Employer surcharge for community colleges apprentice  
21 and workforce development programs

22 A. IN ADDITION TO ANY OTHER TAX IMPOSED BY THIS CHAPTER, FOR  
23 TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024, A TAXPAYER WHO  
24 IS THE OWNER OF A BUSINESS THAT OPERATES IN THIS STATE SHALL PAY A  
25 COMMUNITY COLLEGE APPRENTICE AND WORKFORCE DEVELOPMENT PROGRAM SURCHARGE  
26 IN AN AMOUNT EQUAL TO ONE PERCENT OF THE AMOUNT OF PAYROLL TAXES THE  
27 TAXPAYER PAID DURING THE TAXABLE YEAR.

28 B. CO-OWNERS OF A BUSINESS, INCLUDING PARTNERS IN A PARTNERSHIP,  
29 MEMBERS OF A LIMITED LIABILITY COMPANY AND SHAREHOLDERS OF AN  
30 S CORPORATION AS DEFINED IN SECTION 1361 OF THE INTERNAL REVENUE CODE  
31 SHALL EACH PAY THE PRO RATA SHARE OF THE SURCHARGE REQUIRED UNDER THIS  
32 SECTION BASED ON OWNERSHIP INTERESTS.

33 C. NOTWITHSTANDING SECTIONS 42-1116 AND 43-206, THE DEPARTMENT  
34 SHALL SEPARATELY ACCOUNT FOR THE REVENUES COLLECTED PURSUANT TO THIS  
35 SECTION AND DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, THOSE  
36 REVENUES IN THE COMMUNITY COLLEGE APPRENTICESHIP AND WORKFORCE DEVELOPMENT  
37 PROGRAM FUND ESTABLISHED BY SECTION 41-5304.

38 Sec. 3. Title 43, chapter 11, article 2, Arizona Revised Statutes,  
39 is amended by adding section 43-1112, to read:

40 43-1112. Employer surcharge for community colleges apprentice  
41 and workforce development programs

42 A. IN ADDITION TO ANY OTHER TAX IMPOSED BY THIS CHAPTER, FOR  
43 TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024, A CORPORATION  
44 THAT OPERATES IN THIS STATE SHALL PAY A COMMUNITY COLLEGE APPRENTICE AND  
45 WORKFORCE DEVELOPMENT PROGRAM SURCHARGE IN AN AMOUNT EQUAL TO ONE PERCENT

1 OF THE AMOUNT OF PAYROLL TAXES THE CORPORATION PAID DURING THE TAXABLE  
2 YEAR.

3 B. NOTWITHSTANDING SECTIONS 42-1116 AND 43-206, THE DEPARTMENT  
4 SHALL SEPARATELY ACCOUNT FOR THE REVENUES COLLECTED PURSUANT TO THIS  
5 SECTION AND DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, THOSE  
6 REVENUES IN THE COMMUNITY COLLEGE APPRENTICESHIP AND WORKFORCE DEVELOPMENT  
7 PROGRAM FUND ESTABLISHED BY SECTION 41-5304.

8 Sec. 4. Title 43, chapter 17, article 2, Arizona Revised Statutes,  
9 is amended by adding section 43-1712, to read:

10 43-1712. Employer surcharge for community college apprentice  
11 and workforce development programs

12 A. IN ADDITION TO ANY OTHER TAX IMPOSED BY THIS CHAPTER, FOR  
13 TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024, AN ARIZONA SMALL  
14 BUSINESS TAXPAYER THAT OPERATES IN THIS STATE SHALL PAY A COMMUNITY  
15 COLLEGE APPRENTICE AND WORKFORCE DEVELOPMENT PROGRAM SURCHARGE IN AN  
16 AMOUNT EQUAL TO ONE PERCENT OF THE AMOUNT OF PAYROLL TAXES THE ARIZONA  
17 SMALL BUSINESS TAXPAYER PAID DURING THE TAXABLE YEAR.

18 B. NOTWITHSTANDING SECTIONS 42-1116 AND 43-206, THE DEPARTMENT  
19 SHALL SEPARATELY ACCOUNT FOR THE REVENUES COLLECTED PURSUANT TO THIS  
20 SECTION AND DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, THOSE  
21 REVENUES IN THE COMMUNITY COLLEGE APPRENTICESHIP AND WORKFORCE DEVELOPMENT  
22 PROGRAM FUND ESTABLISHED BY SECTION 41-5304.

23 Sec. 5. Requirements for enactment; two-thirds vote

24 Pursuant to article IX, section 22, Constitution of Arizona, this  
25 act is effective only on the affirmative vote of at least two-thirds of  
26 the members of each house of the legislature and is effective immediately  
27 on the signature of the governor or, if the governor vetoes this act, on  
28 the subsequent affirmative vote of at least three-fourths of the members  
29 of each house of the legislature.