

REFERENCE TITLE: **income tax credit; work opportunities.**

State of Arizona  
House of Representatives  
Fifty-seventh Legislature  
First Regular Session  
2025

## **HB 2805**

Introduced by  
Representative Carbone

AN ACT

AMENDING SECTION 43-222, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1080; 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. Section 43-222, Arizona Revised Statutes, is amended to  
3 read:

4 43-222. Income tax credit review schedule

5 The joint legislative income tax credit review committee shall  
6 review the following income tax credits:

7 1. For years ending in 0 and 5, sections 43-1079.01, 43-1080,  
8 43-1088, 43-1089.04, 43-1167.01 and 43-1175.

9 2. For years ending in 1 and 6, sections 43-1072.02, 43-1074.02,  
10 43-1075, 43-1076.01, 43-1077, 43-1078, 43-1083, 43-1083.02, 43-1162,  
11 43-1164.03 and 43-1183.

12 3. For years ending in 2 and 7, sections 43-1073, 43-1082, 43-1085,  
13 43-1086, 43-1089, 43-1089.01, 43-1089.02, 43-1089.03, 43-1164, 43-1165,  
14 and 43-1181.

15 4. For years ending in 3 and 8, sections 43-1074.01, 43-1168,  
16 43-1170 and 43-1178.

17 5. For years ending in 4 and 9, sections 43-1073.01, 43-1081.01,  
18 43-1083.03, 43-1084, 43-1164.04, 43-1164.05 and 43-1184.

19 Sec. 2. Title 43, chapter 10, article 5, Arizona Revised Statutes,  
20 is amended by adding section 43-1080, to read:

21 43-1080. Arizona work opportunity tax credit; certification;  
22 rules; definitions

23 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2025, A  
24 CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR EACH  
25 QUALIFIED MEMBER OF A TARGETED GROUP HIRED BY A TAXPAYER.

26 B. THE AMOUNT OF THE CREDIT IS THE LOWEST OF THE FOLLOWING AMOUNTS,  
27 AS APPLICABLE:

28 1. THE AMOUNT OF THE FEDERAL WORK OPPORTUNITY TAX CREDIT PROPERLY  
29 CLAIMED FOR THE TAXABLE YEAR BY THE TAXPAYER ON THE TAXPAYER'S FEDERAL  
30 INCOME TAX RETURN.

31 2. THE TAXPAYER'S ARIZONA INCOME TAX LIABILITY FOR THE TAXABLE  
32 YEAR.

33 3. \$1,000 OF QUALIFIED WAGES THE TAXPAYER PAID TO OR INCURRED FOR  
34 EACH QUALIFIED MEMBER OF A TARGETED GROUP DURING THE TAXABLE YEAR.

35 C. A TAXPAYER IS ELIGIBLE TO CLAIM THIS CREDIT FOR EACH QUALIFIED  
36 MEMBER OF A TARGETED GROUP THE TAXPAYER HIRES.

37 D. TO CLAIM THE CREDIT UNDER THIS SECTION, THE TAXPAYER SHALL  
38 ATTACH TO THE TAXPAYER'S TAX RETURN A COPY OF THE DEPARTMENT OF ECONOMIC  
39 SECURITY CERTIFICATION PROVIDED PURSUANT TO SUBSECTION E OF THIS SECTION.  
40 A CREDIT IS NOT ALLOWED UNDER THIS SECTION UNLESS THE TAXPAYER PROVIDES  
41 THE CERTIFICATION.

42 E. THE DEPARTMENT OF ECONOMIC SECURITY MAY NOT CERTIFY TAX CREDITS  
43 UNDER THIS SECTION IN AN AMOUNT THAT EXCEEDS IN AGGREGATE \$10,000,000 IN  
44 ANY CALENDAR YEAR OR GRANT MORE THAN TEN THOUSAND CERTIFICATIONS TO CLAIM  
45 THE CREDIT UNDER THIS SECTION IN ANY CALENDAR YEAR. THE DEPARTMENT OF

1 ECONOMIC SECURITY SHALL CERTIFY TAX CREDITS UNDER THIS SECTION ON A  
2 FIRST-COME, FIRST-SERVED BASIS IN ANY CALENDAR YEAR. AT THE TAXPAYER'S  
3 REQUEST, WHEN THE DEPARTMENT OF ECONOMIC SECURITY CERTIFIES THAT THE  
4 TAXPAYER'S EMPLOYEE IS A MEMBER OF A TARGETED GROUP FOR PURPOSES OF THE  
5 FEDERAL WORK OPPORTUNITY TAX CREDIT, THE DEPARTMENT OF ECONOMIC SECURITY  
6 SHALL ISSUE A CERTIFICATION TO THE TAXPAYER TO CLAIM THE CREDIT ALLOWED  
7 UNDER THIS SECTION FOR THAT EMPLOYEE. IF THE DEPARTMENT OF ECONOMIC  
8 SECURITY RECEIVES A REQUEST TO ISSUE A CERTIFICATION THAT WOULD RESULT IN  
9 EXCEEDING THE \$10,000,000 LIMIT, THE DEPARTMENT OF ECONOMIC SECURITY MAY  
10 NOT ISSUE THE CERTIFICATION AND SHALL NOTIFY THE TAXPAYER THAT THE  
11 TAXPAYER IS NOT ELIGIBLE TO CLAIM THE CREDIT UNDER THIS SECTION FOR THAT  
12 EMPLOYEE.

13 F. QUALIFIED WAGES THAT ARE THE BASIS OF THE CREDIT UNDER THIS  
14 SECTION MAY NOT BE USED AS THE BASIS FOR ANY OTHER CREDIT ALLOWED UNDER  
15 THIS CHAPTER.

16 G. THE DEPARTMENT OF REVENUE, WITH THE COOPERATION OF THE  
17 DEPARTMENT OF ECONOMIC SECURITY, SHALL ADOPT RULES AND PUBLISH AND  
18 PRESCRIBE FORMS AS NECESSARY TO ADMINISTER THIS SECTION.

19 H. FOR THE PURPOSES OF THIS SECTION:

20 1. "FEDERAL WORK OPPORTUNITY TAX CREDIT" MEANS THE CREDIT ALLOWED  
21 UNDER SECTION 51 OF THE INTERNAL REVENUE CODE.

22 2. "TARGETED GROUP" HAS THE SAME MEANING PRESCRIBED IN SECTION 51  
23 OF THE INTERNAL REVENUE CODE.

24 3. "QUALIFIED MEMBER" MEANS AN INDIVIDUAL TO WHOM THE DEPARTMENT OF  
25 ECONOMIC SECURITY HAS BOTH:

26 (a) CERTIFIED AS A MEMBER OF A TARGETED GROUP FOR THE TAXABLE YEAR.

27 (b) GRANTED THE TAXPAYER A CERTIFICATION TO CLAIM THIS CREDIT FOR  
28 THE INDIVIDUAL FOR THE TAXABLE YEAR.

29 4. "QUALIFIED WAGES" HAS THE SAME MEANING PRESCRIBED IN SECTION 51  
30 OF THE INTERNAL REVENUE CODE.

31 Sec. 3. Purpose

32 Pursuant to section 43-223, Arizona Revised Statutes, the  
33 legislature enacts section 43-1080, Arizona Revised Statutes, as added by  
34 this act, to encourage taxpayers in this state to hire individuals who are  
35 certified members of targeted groups as defined in section 51 of the  
36 internal revenue code.