



Children's Action Alliance

A Voice for Arizona's Children since 1988

CURRENT LEGISLATION THAT WILL REDUCE STATE REVENUES

February 29, 2016

Bill No.	Title	Description	Estimated Annual Impact
INCOME TAX CUTS			
SB 1215	Income tax; college tuition deduction	Creates an income tax deduction for taxpayers with incomes under \$80,000/single or \$160,000/married filing jointly	
SB 1264	Small business income; tax subtraction	Exempts 50% of the net income earned from a pass-thru entity during the first five years of the business's operations.	\$32,300,000 -
HB 2002	Insurance premium tax reduction	Accelerates phasing down of the insurance premium tax rate. Impact is for FY 17.	\$64,600,000 3,000,000
HB 2018	Optional individual flat income tax	Creates an optional flat tax for taxpayers meeting certain criteria. Creates a different calculation of taxable income and uses a tax rate of 1% versus the current 2.9%.	49,300,000
HB 2693	TPT classes; income tax reduction	Reduces individual income tax rates and extends the sales tax to certain personal and financial services	
Impact Based On Available Estimates			84,600,000 -
			116,900,000
INCOME TAX CREDITS			
SB 1139	Tax credit; angel investor	Allows the Commerce Authority to authorize additional tax credits for angel investors	7,000,000
SB 1216	Charitable donations; tax credit amounts	Doubles the amount of the allowable tax credit for donations to qualifying charitable organizations (formerly working poor families tax credit). Note: Fiscal impact is based on assumption that only 8.8% of taxpayers maximize their tax credit. Total credits claimed in 2014 were \$28.2 million.	2,800,000
SB 1217	Charitable tax credit; contribution date	Moves the deadline for making contributions toward the tax credit from December 31 of the tax year to April 15 following the end of the tax year	1,700,000
SB 1479	Income tax credits; patents; trademarks	Creates a new tax credit for patents and trademarks; creates an aggregate cap.	10,000,000
HB 2151	Tax credit; teachers' school supplies	Creates a tax credit of up to \$400 for teachers purchasing classroom supplies.	17,295,600
HB 2328	Public school tax credit reallocation	Doubles the individual income tax credits for public school extracurricular activities and requires that schools remit 25% of receipts above \$200,000 to a new fund to administered by the Department of Education.	
HB 2494	Tax credit; concealed weapon permits	Creates a tax credit of up to \$80 for the cost of courses for concealed weapon permits	

Bill No.	Title	Description	Estimated Annual Impact
HB 2601	Research and Development tax credits; conversion	Allows taxpayers with a Research and Development income tax credit to convert it to a credit against sales taxes or into a cash reimbursement for certain transactions	
HB 2619	Tax credit for historic preservation	Allows a credit of up to 20% of the cost of rehabilitation for property listed on national or state historic property registers.	
HB 2680	Employers; ex-felons; income tax credits	Creates a tax credit for employers hiring ex-felons. Credit sunsets 1/1/20.	
HB 2685	Tax credit; early childhood education	Establishes a new \$200/single and \$400/married couple income tax credit for donations to an early childhood education grant program operated by the Department of Education. Also establishes a similar corporate income tax credit with an aggregate cap of \$10 million.	At least \$10,000,000
HB 2676	Tax credit; Title I schools	Creates an individual income tax credit of \$200/single \$400/married couple for donations Title I schools; creates a grant program within the Department of Education to provide schools with up to 4 times the amount of tax credit funding they received in the prior year (not to exceed \$250,000). Funding for the grant would come from appropriations, grants, gifts, and donations. Bill does not include any appropriation.	
Impact Based On Available Estimates			48,795,600
<i>SALES TAX EXEMPTIONS/REALLOCATIONS</i>			
SB 1384	Fuel taxes; exemption; Navajo reservation	Exempts from taxation fuel purchased on the Navajo reservation.	General Fund - 1,900,000 HURF fund - 1,800,000
SB 1517	Cultural districts; TPT exemption	Exempts from sales tax items sold in designated cultural districts.	
HB 2319	Indian tribes; TPT revenues	Remits 50% of sales tax revenue collected by the Department of Revenue for sales on reservations back to the tribes	
HB 2536	Fine art; TPT exemption	Exempts from sales tax fine art sold to nonresidents for use outside Arizona	
Impact Based On Available Estimates			1,900,000
<i>PROPERTY TAXES*</i>			
SB 1402/ HB 2367	Class six property; higher education	Reclassifies property used for higher education which would result in the assessment ratio being reduced from 10% to 5% and reducing property taxes by 50%.	2,600,000
SB 1431	Property tax; disabled veterans' residences	Reclassifies property owned by a disabled veteran which would result in the assessment ratio being reduced from 10% to 1% and reducing property taxes by 90%.	
HB 2055	Class six property; elderly homeowners	Changes property classification for certain elderly homeowners, changing the assessment ratio from 10% to 5%.	900,000
HB 2185	Property tax; hotels and motels	Changes property classification for hotels and motels.	
HB 2299	Class six property; elderly homeowners	Changes property classification for certain elderly homeowners, changing the assessment ratio from 10% to 5%. Appears similar to HB 2055.	
Impact Based On Available Estimates			3,500,000

**Changes that reduce property taxes for certain properties will result in increasing local property taxes for other property owners as well as increasing state expenditures through the Department of Education.*