



ARIZONA HOUSE OF REPRESENTATIVES

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Senate: APPROP DP 8-0-2-0 | 3rd Read 29-1-0-0

SB 1124: contributions in aid of construction

Sponsor: Senator Gowan, LD 14
Committee on Ways & Means

Overview

Allows, with respect to a public service corporation operating a water or sewage system, the amount of monies or property received as a contribution in aid of construction to be deducted from Arizona gross income.

History

Prior to the passing of the Tax Cuts and Jobs Act (TCJA) public service corporations were permitted to subtract from their gross taxable income the total amount of contributions in the aid of construction ([P.L. 104-118 § 1613](#)). The TCJA removed this subtraction in 2017 ([P.L. 115-97 § 13312](#)).

The Arizona Constitution defines public service corporation as all corporations other than municipal engaged in: 1) furnishing gas, oil or electricity for light, fuel or power; 2) furnishing water for irrigation, fire protection or other public purposes; 3) furnishing, for profit, hot or cold air or steam for heating or cooling purposes; 4) collecting, transporting, treating, purifying and disposing of sewage through a system, for profit; 5) transmitting messages or furnishing public telegraph or telephone service; and 6) operating as common carriers ([Ariz. Const. Art. 15, § 2](#)).

Provisions

1. Requires, with respect to a public service corporation operating a water or sewage system, the amount of monies or property received as a contribution in aid of construction to be deducted from Arizona gross income. (Sec. 1)
2. Defines *contribution in aid of construction* and *public service corporation*. (Sec. 1)
3. Contains a retroactivity clause. (Sec. 2)

Prop 105 (45 votes) Prop 108 (40 votes) Emergency (40 votes) Fiscal Note