

ARIZONA STATE SENATE

RESEARCH STAFF



TO: MEMBERS OF THE SENATE
FINANCE COMMITTEE

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DATE: February 9, 2023

SUBJECT: Strike everything amendment to S.B. 1281, relating to income tax; rebate

Purpose

Establishes a onetime individual income tax rebate for eligible taxpayers for TY 2022 and prescribes the rebate amount and administrative procedures.

Background

Individual income tax is levied at a single tax rate of 2.5 percent on the personal income of full-time residents and prorated for part-time residents of Arizona. The starting point for Arizona individual income tax is the federal adjusted gross income. To determine an individual's Arizona adjusted gross income, Arizona gross income is statutorily adjusted by additions and subtractions of certain expenses and income (A.R.S. §§ [43-1021](#); [43-1022](#); and [43-1011](#); [Version 2](#)).

The fiscal impact of the strike-everything amendment to S.B. 1281 will depend on the number of taxpayers who file an individual income tax return for TY 2022.

Provisions

1. Requires the Arizona Department of Revenue (ADOR) to issue a onetime individual income tax rebate for TY 2022, if a taxpayer:
 - a) is an Arizona resident as of December 31, 2022; and
 - b) files an individual income tax return or an extension for TY 2022.
2. Sets the amount of the rebate at:
 - a) \$200, for a single person or a married person filing separately; or
 - b) \$400, for a married couple filing jointly or a head of household.
3. Requires ADOR to pay all rebates within 90 days after the effective date.
4. Allows a taxpayer who does not receive a rebate within one year to claim the rebate by filing an online claim application, as prescribed by ADOR.
5. Requires the claim application to include the claimant's name, address, social security number and individual income tax filing status.
6. Requires ADOR to review each claim application and verify the information provided and allows ADOR to request a claimant to provide evidence of eligibility for the rebate.
7. Requires the Director of ADOR, by the 15th month after the effective date, to report to the President of the Senate, Speaker of the House of Representatives and Director of the Joint Legislative Budget Committee on:
 - a) the total dollar amount paid as rebates;
 - b) the administrative costs associated with the rebates; and
 - c) the number, if any, of rebate claims filed.

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8. Allows a surviving spouse, personal or official representative or executor to receive the rebate for a deceased taxpayer.
9. Subjects any appealable agency actions or contested cases relating to the rebate to uniform administrative hearing procedures.
10. Repeals the rebate requirements on January 1, 2030.
11. Becomes effective on the general effective date.