

The seal of the State of Arizona is a large, faint watermark in the background. It features a central shield with a landscape scene, surrounded by the text "SEAL OF THE STATE OF ARIZONA" and the year "1912" at the bottom, flanked by two stars.

2022 Legislative Summaries

**State of Arizona
Department
of Revenue**

This document contains summaries of 2022 legislation from the Fifty Fifth Legislature – Second Regular Session.

2022 Legislative Summaries

The material below briefly summarizes the major 2022 tax-related legislation impacting the Arizona Department of Revenue (ADOR), but is not intended to discuss substantive specifics of any particular enactment. Detailed summaries and the chaptered versions of these bills can also be found at www.azleg.gov. Please refer to the particular legislation for more definitive information.

The general effective date for legislation enacted during the Second Regular Session is September 24, 2022. All legislation will have this effective date unless otherwise noted in the summary.

Income Tax

HB 2156 (Chapter 387) **tax credits; motion picture credits**

Effective January 1, 2023, establishes the individual and corporate Credit for Motion Picture Production Costs and outlines requirements for the tax credits to be claimed. Repeals the Program and Tax Credits on December 31, 2043.

HB 2204 (Chapter 369) **taxation; virtual currency; non-fungible tokens**

Effective January 1, 2023, prescribes the individual income tax treatment of virtual currency and non-fungible tokens

HB 2693 (Chapter 385) **tax credit; charitable organizations; adjustment**

Retroactive to January 1, 2022, expands the definitions of qualified individual and services for the purposes of qualified charitable organizations (QCOs) and qualified foster care organizations (QFCOs). Also, requires, for taxable years beginning January 1, 2023, the amount of the Credit for Contribution to QCOs and the Credit for

Contribution to QFCOs to be annually adjusted for inflation.

SB 1264 (Chapter 41) **internal revenue code; conformity**

Conforms Arizona tax statutes to the Internal Revenue Code (IRC) as amended and in effect as of January 1, 2022, to reflect changes adopted by Congress, including provisions of the Paycheck Protection Program Extension Act of 2021 and the Infrastructure Investment and Jobs Act that became effective during 2021.

Transaction Privilege Tax

SB 1372 (Chapter 43) **TPT; exemptions; motor vehicles; non residents**

Exempts the gross proceeds of sales or gross income derived from the sale of vehicles, trailers or semitrailers to a nonresident for use outside of the state from TPT and municipal tax. Outlines the qualifications for an eligible vehicle, trailer, or semitrailer.

**SB 1636 (Chapter 229)
use tax; service vehicles; inventory**

Defines motor vehicles that are removed from inventory for the purposes of levying use tax.

Property Tax

**HB 2320 (Chapter 261)
veterans' organization; leased property;
classification**

Allows property, buildings, and fixtures leased to a United States veterans' organization to qualify as class nine property.

**HB 2610 (Chapter 287)
project unit size; affordable housing**

Removes the 200-unit cap for an affordable rental housing project to qualify for a property tax exemption.

**HB 2629 (Chapter 69)
property tax liens; expiration dates**

Extends the time period for a county treasurer to notify a purchaser that a property tax lien is going to expire to within 365 days before the expiration date and within 30 days after the expiration date. Removes the requirement that the notice be sent by certified mail and allows it to be sent by email.

**HB 2822 (Chapter 103)
personal property; additional depreciation**

Sets the valuation factor, for property tax purposes, for specific class one, class two (P) and class six personal property acquired and initially classified on or after January 1, 2022, to 2.5%.

**HB 2866 (Chapter 317)
K-12 education; 2022-2023**

As part of the provisions relating to K-12 education needed to implement the fiscal year (FY) 2023 budget, as permanent law, eliminates the State Equalization Tax Rate.

**SB 1093 (Chapter 171)
equalization assistance; class one property**

Reduces the assessed valuation percentage on all class one properties over two years to 15% by 2027 and sets the state equalization assistance tax rate for tax year 2022 through 2027.

**SB 1095 (Chapter 341)
property tax exemptions; statutory
conformity**

Upon voter approval of S.C.R. 1011, exempts the property of veterans with service or nonservice-connected disabilities who are Arizona residents. Also, updates property tax exemption amounts and household income limits to reflect the amount adjusted for inflation in tax year (TY) 2022.

**SB 1265 (Chapter 17)
property tax liens; foreclosure; notice**

Requires the purchaser of a property tax lien to send a notice of intent to foreclose the right to redeem to the property owner's mailing address.

**SB 1266 (Chapter 228)
property tax; administration; county
assessor**

Allows affidavits filed to the county assessor for the purpose of claiming a tax exemption to be submitted electronically. Also, the county assessor or other tax officer accepting an electronic affidavit or notice of claim is required to provide the claimant with an electronic acknowledgement of receipt.

**SB 1267 (Chapter 300)
property; classification; primary residence**

Requires, for the purposes of determining limited property value, a change in use be physical and objectively verifiable. States that a change of occupant or classification of a single-family residence does not constitute a change in use. Also, establishes that for a property to qualify as class three or class four property, it must be used for residential purposes.

**SCR 1011
constitutional property tax exemptions**

Subject to voter approval, repeals sections of the Arizona Constitution relating to property tax exemptions and replaces the sections with a consolidated property tax exemption section.

Multiple Tax Types/Misc.

**HB 2871 (Chapter 321)
tax; revisions; distributions; 2022-2023**

Establishes numerous changes to the income and TPT statutes. Also, establishes the Integrated Tax System Project Fund and outlines specific requirements for the purpose of implementing a modernized tax system within ADOR. Please see www.azleg.gov for a detailed summary of all changes.

**SB 1579 (Chapter 235)
tax corrections act of 2022**

Makes numerous technical, clarifying, and conforming changes to tax-related Arizona Revised Statutes.