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Summary of  
2024 Arizona Tax Legislation

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# Summary of 2024 Arizona Tax Legislation

## Important Information About This Presentation

- *Summarizes* recent substantive changes to Arizona's tax laws.
- Addresses bills approved by both houses of Arizona's Legislature and signed by Governor Hobbs.
- Except as noted below, most of these bills will be effective on the general effective date for the legislative session, September 14, 2024.
- Descriptions of bills are brief and not intended to be comprehensive.
- If you believe that one or more of the following bills may impact the amount of tax that you, your clients, or the company that you work for must pay, you should carefully review the full bill and/or contact a state and local tax professional for assistance.

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## **SB 1358: Income Tax Withholding; Retirement Distributions. Laws 2024, Chapter 55.**

Clarifies that elective withholdings on payments from pensions or annuities and distributions from retirement accounts shall be treated as if they were payments of wages by an employer to an employee for a payroll period. Defines “annuity,” “pension,” and “retirement account.”

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## **HB 2379: Internal Revenue Code; Conformity. Laws 2024, Chapter 7.**

Provides for retroactive conformity to provisions of the Internal Revenue Code (“IRC”) in effect on January 1, 2024 for tax years beginning January 1, 2024. The Arizona Department of Revenue (“Department”) determined that this bill will not have a fiscal impact because no federal acts modified the IRC in 2023.

# Summary of 2024 Arizona Tax Legislation

## **HB 2875: Tax Payments; Electronic Funds; Transfer. Laws 2024, Chapter 44.**

Provides that taxpayers' electronic payments are deemed to have been made at the date and time when the taxpayer successfully authorized an electronic funds transfer as evidenced by an electronic payment confirmation from their financial institution or ADOR. Authorizes ADOR, until December 31, 2024, to abate penalties relating to the timeliness of electronic payments if the taxpayer provides reasonable evidence from their financial institution or ADOR of the timely authorization of an electronic funds transfer, as defined by this bill. (Also affects Arizona sales tax, property tax, and other tax laws as described below.)



# Summary of 2024 Arizona Tax Legislation

## **HB 2909: Taxation; 2024-2025. Laws 2024, Chapter 221.**

Eliminated annual inflation-based adjustments to the maximum amount of corporate income tax credits the Department may allow for contributions to certified school tuition organizations and set the maximum amount at \$135,000,000 per fiscal year. Extends eligible recipients of corporate donations to school tuition organizations to include qualifying students in foster care. As an emergency measure, this law went into effect when Governor Hobbs signed it on June 18, 2024. (Also impacts Arizona sales tax and other tax laws as described below.)

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## **Important Information About This Section**

Most of the changes summarized below are applicable to Arizona's sales and use tax laws, and to the county excise taxes that "piggyback" Arizona's sales taxes. Unless otherwise specified below, Arizona municipalities have not adopted these changes. However, Arizona municipalities often adopt changes to their municipal tax codes that parallel changes to the state's sales and use tax laws.

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## **SB 1370: Youth Businesses; Licenses; Tax; Exemption. Laws 2024, Chapter 237.**

Provides that persons who are under nineteen years of age and engaged in business are not required to obtain a sales tax license or to remit state or local sales taxes if their gross receipts are not more than \$10,000 for the calendar year.

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## **HB 2380: TPT; Municipalities; Audits; Guidelines. Laws 2024, Chapter 33.**

Clarifies that the Department may deny a request by a city or town to audit a taxpayer that is engaged in business in more than one city or town. Prohibits cities and towns from auditing taxpayers engaged in business in more than one city or town if the Department denied their request to perform the audit. Requires the Uniform Audit Committee to establish and publish uniform audit guidelines that apply to all cities and towns.

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## **SB 2382: TPT; Sourcing; Validation. Laws 2024, Chapter 142.**

Requires the Department to establish a process by January 1, 2026 (changed to January 1, 2028, via HB 2909) under which it will certify companies to provide third-party transaction sales tax sourcing services. Provides that taxpayers who use such services will not be liable for failure to pay the correct amount of tax due to sourcing errors.

# Summary of 2024 Arizona Tax Legislation

## **HJR 2001: Phoenix-Mesa Gateway Airport; Reuse Zone. Law 2024, Chapter 259.**

Renewed military reuse zone status for the Phoenix-Mesa Gateway Airport through October 19, 2031. (Also impacts Arizona property tax laws as described below.)

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## **HB 2634: Department of Revenue; Reuse Zone. Laws 2024, Chapter 43.**

Transfers responsibility for designating military reuse zones and certifying taxpayers' eligibility for military reuse zone tax incentives from the Arizona Commerce Authority to the Department. (Also impacts Arizona property tax laws as described below.)



# Summary of 2024 Arizona Tax Legislation

## **\*HB 2875: Tax Payments; Electronic Funds; Transfer. Laws 2024, Chapter 44.**

Provides that taxpayers' electronic payments are deemed to have been made at the date and time when the taxpayer successfully authorized an electronic funds transfer as evidenced by an electronic payment confirmation from their financial institution or ADOR. Authorizes ADOR, until December 31, 2024, to abate penalties relating to the timeliness of electronic payments if the taxpayer provides reasonable evidence from their financial institution or ADOR of the timely authorization of an electronic funds transfer, as defined by this bill. (Also affects Arizona income tax laws as described above and Arizona property tax and other tax laws as described below.)

# Summary of 2024 Arizona Tax Legislation

## **HB 2909: Taxation; 2024-2025. Laws 2024, Chapter 221.**

Postpones the deadline for the Department to establish a process to certify companies to provide third-party transaction sales tax sourcing services from January 1, 2026 to January 1, 2028. Extends the retail sales and use tax exemptions for purchases of equipment used to harvest or process qualifying forest products through December 31, 2026. As an emergency measure, this law went into effect when Governor Hobbs signed it on June 18, 2024. (Also impacts Arizona income tax laws as described above and other tax laws as described below.)

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## **SB 1095: Property Tax; Golf Courses; Valuation. Laws 2024, Chapter 8.**

Clarifies that, for properties to continue to be valued as golf courses, deed restrictions must be refiled when the properties are split or combined. Requires golf course owners to notify the county assessor within thirty days of converting any portion of their properties to a different use. Defines the term, “converted to a different use.”

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## **SB 1431: Right to Redeem; Foreclosure Sale. Laws 2024, Chapter 176.**

Permits property owners who believe that their properties have value beyond the delinquent tax burdens on them to request excess proceeds sales to recover the equity in their properties, rather than simply losing their properties in actions to foreclose their rights to redeem the property tax liens on them.

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## **HB 2408: Property Tax Assessment; Destroyed Property. Laws 2024, Chapter 34.**

Requires county assessors to prorate the values of properties, and county treasurers to prorate tax bills for properties, that are destroyed after they were valued. The bill: (1) defines the term "destroyed," (2) allows county assessors to proactively prorate the values of such properties, (3) requires county assessors to notify owners of such valuations, and (4) allows county assessors to maintain the classification of the property that was in place on the date of destruction for five years or until an objectively verifiable change in use occurs, whichever is sooner.

# Summary of 2024 Arizona Tax Legislation

## **HJR 2001: Phoenix-Mesa Gateway Airport; Reuse Zone. Laws 2024, Chapter 259.**

Renewed military reuse zone status for the Phoenix-Mesa Gateway Airport through October 19, 2031. (Also impacts Arizona sales tax laws as described above.)

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## **HB 2634: Department of Revenue; Reuse Zone. Laws 2024, Chapter 43.**

Transfers responsibility for designating military reuse zones and certifying taxpayers' eligibility for military reuse zone tax incentives from the Arizona Commerce Authority to the Department. (Also impacts Arizona sales tax laws as described above.)



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## **HCR 2023: Property Tax; Refund; Nuisance Enforcement.**

Allows Arizona voters to decide in the November 2024 election whether to permit property tax refunds for real property owners who incur expenses to mitigate the effects of illegal camping, loitering, panhandling, public consumption of alcoholic beverages, or the possession or use of illegal substances on their properties. Such refunds, not to exceed expenses reasonably incurred, would be funded by any city, town, or county that "adopts and follows a policy, pattern or practice of declining to enforce" laws prohibiting such practices.

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## **SB 1636: Excise Tax; Jet Fuel; Definition. Laws 2024, Chapter 242.**

Modifies the definition of “jet fuel” for purposes of Arizona’s jet fuel excise tax. Effective for tax periods beginning on or after October 1, 2024.

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## **\*HB 2875: Tax Payments; Electronic Funds; Transfer. Laws 2024, Chapter 44.**

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## **HB 2909: Taxation; 2024-2025. Laws 2024, Chapter 221.**

Allows the Department to assess and collect fees from counties, cities, towns, councils of governments, and regional transportation authorities, for fiscal year 2024-2025 not to exceed \$6,626,900 to help pay for the Department's integrated tax system modernization project. As an emergency measure, this law went into effect when Governor Hobbs signed it on June 18, 2024. (Also impacts Arizona income tax laws and sales tax laws as described above.)

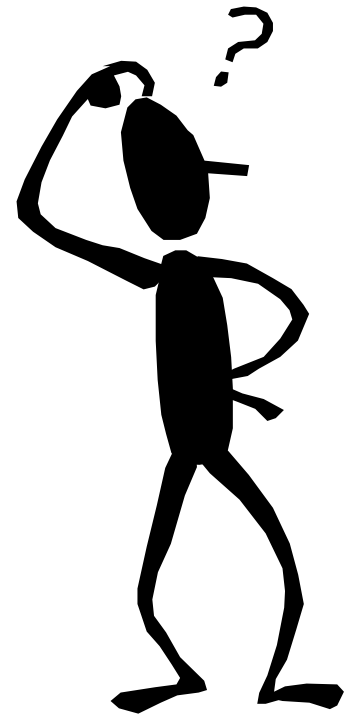
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## Questions?

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