

REFERENCE TITLE: tax credit; affordable housing

State of Arizona
Senate
Fifty-fifth Legislature
First Regular Session
2021

SB 1327

Introduced by
Senators Gowan: Alston, Borrelli, Bowie, Fann, Gray, Livingston, Rios,
Shope

AN ACT

AMENDING TITLE 20, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-224.04; AMENDING TITLE 41, CHAPTER 37, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3954; AMENDING SECTION 43-222, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-225; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1075; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1163; REPEALING SECTIONS 20-224.04, 41-3954, 43-225, 43-1075 AND 43-1163, ARIZONA REVISED STATUTES; RELATING TO INSURANCE PREMIUM AND INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 20, chapter 2, article 1, Arizona Revised
3 Statutes, is amended by adding section 20-224.04, to read:

4 20-224.04. Affordable housing premium tax credit

5 A. A TAXPAYER IS ALLOWED A CREDIT AGAINST THE PREMIUM TAX INCURRED
6 PURSUANT TO SECTION 20-224, 20-837, 20-1010, 20-1060 OR 20-1097.07 IF THE
7 ARIZONA DEPARTMENT OF HOUSING ISSUES AN ELIGIBILITY STATEMENT FOR A
8 QUALIFIED PROJECT PURSUANT TO SECTION 41-3954. THE AMOUNT OF THE CREDIT:

9 1. IS EQUAL TO AT LEAST FIFTY PERCENT OF THE AMOUNT OF THE FEDERAL
10 LOW-INCOME HOUSING CREDIT FOR THE QUALIFIED PROJECT.

11 2. ON NOTICE TO THE DEPARTMENT OF INSURANCE AND FINANCIAL
12 INSTITUTIONS, MAY BE ALLOCATED AMONG THE PARTNERS, MEMBERS OR
13 SHAREHOLDERS, AS THEY MAY AGREE AMONG THEMSELVES, REGARDLESS OF THE SIZE
14 OF SUCH PARTICIPANT'S OWNERSHIP INTEREST. THE TOTAL OF THE ALLOCATED
15 CREDITS AMONG ALL SUCH PARTICIPANTS MAY NOT EXCEED THE AMOUNT OF THE
16 CREDIT APPROVED BY THE ARIZONA DEPARTMENT OF HOUSING. THIS PARAGRAPH DOES
17 NOT PROHIBIT A PARTNER, MEMBER OR SHAREHOLDER FROM HOLDING AN INVESTMENT
18 EXCLUSIVELY IN EITHER THE STATE CREDITS OR FEDERAL CREDITS ALLOCATED TO
19 THE QUALIFIED PROJECT.

20 B. TO CLAIM THE CREDIT UNDER THIS SECTION, THE TAXPAYER MUST SUBMIT
21 THE ELIGIBILITY STATEMENT PROVIDED BY THE ARIZONA DEPARTMENT OF HOUSING
22 UNDER SECTION 41-3954 TO THE DEPARTMENT OF INSURANCE AND FINANCIAL
23 INSTITUTIONS WITH THE TAXPAYER'S PREMIUM TAX RETURN. A CREDIT UNDER THIS
24 SECTION IS NOT ALLOWED UNTIL THE TAXPAYER FURNISHES THE REQUIRED
25 DOCUMENTATION.

26 C. IF THE AMOUNT OF THE CREDIT UNDER THIS SECTION EXCEEDS THE
27 TAXPAYER'S STATE PREMIUM TAX LIABILITY, THE AMOUNT OF THE CLAIM NOT USED
28 TO OFFSET THE PREMIUM TAX LIABILITY MAY BE CARRIED FORWARD FOR NOT MORE
29 THAN FIVE CONSECUTIVE TAXABLE YEARS' PREMIUM TAX LIABILITY.

30 D. IF ALL OR PART OF THE FEDERAL LOW-INCOME HOUSING TAX CREDIT WITH
31 RESPECT TO THE QUALIFIED PROJECT IS SUBJECT TO RECAPTURE UNDER SECTION 42
32 OF THE INTERNAL REVENUE CODE DURING THE FIRST TEN TAXABLE YEARS AFTER THE
33 PROJECT IS PLACED IN SERVICE, THE CREDIT UNDER THIS SECTION IS ALSO
34 SUBJECT TO RECAPTURE IN A PROPORTIONAL AMOUNT FROM ALL TAXPAYERS THAT
35 CLAIMED THE CREDIT. THE RECAPTURE IS CALCULATED BY INCREASING THE AMOUNT
36 OF TAXES IMPOSED IN THE FOLLOWING YEAR BY THE AMOUNT RECAPTURED.

37 E. A TAXPAYER THAT CLAIMS A TAX CREDIT AGAINST STATE PREMIUM TAX
38 LIABILITY IS NOT REQUIRED TO PAY ANY ADDITIONAL RETALIATORY TAX IMPOSED
39 PURSUANT TO SECTION 20-230 AS A RESULT OF CLAIMING THAT TAX CREDIT. THE
40 CREDIT MAY FULLY OFFSET ANY RETALIATORY TAX IMPOSED BY SECTION 20-230.

41 F. THE DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS, WITH THE
42 COOPERATION OF THE DEPARTMENT OF REVENUE AND THE ARIZONA DEPARTMENT OF
43 HOUSING, SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS AND PROCEDURES
44 AS NECESSARY TO ADMINISTER THIS SECTION.

1 Sec. 2. Title 41, chapter 37, article 2, Arizona Revised Statutes,
2 is amended by adding section 41-3954, to read:

3 41-3954. Affordable housing tax credit; limit; eligibility
4 statement; rules; public hearing; definitions

5 A. THE AFFORDABLE HOUSING TAX CREDIT IS ESTABLISHED. THE
6 DEPARTMENT SHALL ADMINISTER THE CREDIT AS PROVIDED BY THIS SECTION.

7 B. ON APPLICATION, THE DEPARTMENT SHALL ALLOCATE TAX CREDITS UNDER
8 THIS SECTION FOR PROJECTS IN THIS STATE THAT QUALIFY FOR THE FEDERAL
9 LOW-INCOME HOUSING TAX CREDIT UNDER SECTION 42 OF THE INTERNAL REVENUE
10 CODE AND THAT ARE PLACED IN SERVICE, FOR PURPOSES OF THE FEDERAL CREDIT,
11 FROM AND AFTER JUNE 30, 2022, IN AN AMOUNT EQUAL TO AT LEAST FIFTY PERCENT
12 OF THE AMOUNT OF THE FEDERAL CREDIT ALLOWED IN EACH TAXABLE YEAR DURING
13 THE FEDERAL CREDIT PERIOD. THE DEPARTMENT SHALL ALLOCATE TAX CREDITS
14 UNDER THIS SECTION ACCORDING TO THE DEPARTMENT'S CURRENT QUALIFIED
15 ALLOCATION PLAN ADOPTED PURSUANT TO SECTION 42(m) OF THE INTERNAL REVENUE
16 CODE.

17 C. THE DEPARTMENT SHALL PRESCRIBE FORMS, PROCEDURES AND CRITERIA
18 FOR APPLYING, EVALUATING AND QUALIFYING FOR THE CREDIT UNDER THIS SECTION.
19 THE DEPARTMENT SHALL ISSUE AN ELIGIBILITY STATEMENT FOR EACH QUALIFIED
20 PROJECT THAT IDENTIFIES THE QUALIFIED PROJECT, THE ALLOCATION YEAR AND THE
21 AMOUNT OF THE CREDITS ALLOCATED TO THE PROJECT.

22 D. THE DEPARTMENT SHALL ALLOCATE A TOTAL OF \$8,000,000 OF TAX
23 CREDITS UNDER THIS SECTION IN ANY CALENDAR YEAR, ACCORDING TO THE DATE OF
24 THE ALLOCATION OF THE CREDIT. AN APPROVED AMOUNT APPLIES AGAINST THE
25 DOLLAR LIMIT FOR THE YEAR IN WHICH THE APPLICATION IS SUBMITTED. IF, AT
26 THE END OF ANY YEAR, AN UNUSED BALANCE OCCURS UNDER THE DOLLAR LIMIT
27 PRESCRIBED BY THIS SUBSECTION, THE BALANCE SHALL BE REALLOCATED FOR THE
28 PURPOSES OF THIS SUBSECTION IN THE FOLLOWING YEAR.

29 E. ANY TAXPAYER THAT OWNS AN INTEREST IN AN INVESTMENT IN A
30 QUALIFIED PROJECT THAT RECEIVES AN ELIGIBILITY STATEMENT FROM THE
31 DEPARTMENT IS ALLOWED A TAX CREDIT UNDER THIS SECTION FOR TAXABLE YEARS
32 BEGINNING FROM AND AFTER DECEMBER 31, 2021 IF THE TAXPAYER ACQUIRES THE
33 INTEREST BEFORE FILING A TAX RETURN CLAIMING THE TAX CREDIT. THE TAXPAYER
34 SHALL APPLY THE CREDIT AGAINST THE TAXPAYER'S INSURANCE PREMIUM OR INCOME
35 TAX LIABILITY AS PROVIDED AND SUBJECT TO THE PROCEDURES, TERMS AND
36 CONDITIONS PRESCRIBED BY SECTION 20-224.04, 43-1075 OR 43-1163, AS
37 APPLICABLE.

38 F. A QUALIFIED PROJECT THAT IS APPROVED FOR THE PURPOSES OF THE
39 CREDIT UNDER THIS SECTION IS NOT ELIGIBLE FOR ANY ABATEMENT, EXEMPTION OR
40 OTHER REDUCTION IN STATE OR LOCAL AD VALOREM PROPERTY TAXES OTHERWISE
41 ALLOWED BY STATUTE.

42 G. THE ARIZONA DEPARTMENT OF HOUSING, WITH THE COOPERATION OF THE
43 DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS AND THE DEPARTMENT OF
44 REVENUE, SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS AND PROCEDURES

1 AS NECESSARY TO ADMINISTER THIS SECTION, INCLUDING CRITERIA ON WHICH
2 ELIGIBILITY STATEMENTS ARE ISSUED UNDER THIS SECTION.

3 H. ON OR BEFORE JULY 30 OF EACH YEAR, THE ARIZONA DEPARTMENT OF
4 HOUSING SHALL HOLD A PUBLIC HEARING TO SOLICIT AND ACCEPT PUBLIC COMMENTS
5 RELATING TO THE AMOUNT OF THE CREDIT UNDER THIS SECTION TO BE USED FOR
6 QUALIFIED PROJECTS THAT ARE FINANCED THROUGH TAX-EXEMPT BOND ISSUANCE AS
7 PART OF THE QUALIFIED ALLOCATION PLAN PROCESS AND OTHER AFFORDABLE HOUSING
8 TAX CREDIT ISSUES. THE ARIZONA DEPARTMENT OF HOUSING SHALL POST A COPY OF
9 ALL COMMENTS SUBMITTED DURING THIS PUBLIC HEARING ON THE ARIZONA
10 DEPARTMENT OF HOUSING'S WEBSITE BEFORE SEPTEMBER 15 OF THE SAME YEAR IN
11 WHICH THE PUBLIC HEARING IS HELD.

12 I. FOR THE PURPOSES OF THIS SECTION:

13 1. "INTERNAL REVENUE CODE" HAS THE SAME MEANING PRESCRIBED BY
14 SECTION 43-105.

15 2. "QUALIFIED PROJECT" MEANS A QUALIFIED LOW-INCOME BUILDING AS
16 DEFINED IN SECTION 42(c)(2) OF THE INTERNAL REVENUE CODE.

17 3. "TAXPAYER" MEANS A PERSON, FIRM OR CORPORATION THAT IS SUBJECT
18 TO TAXATION UNDER TITLE 20 OR UNDER TITLE 43, CHAPTER 10 OR 11.

19 Sec. 3. Section 43-222, Arizona Revised Statutes, is amended to
20 read:

21 43-222. Income tax credit review schedule

22 The joint legislative income tax credit review committee shall
23 review the following income tax credits:

24 1. For years ending in 0 and 5, sections 43-1079.01, 43-1087,
25 43-1088, 43-1089.04, 43-1167.01 and 43-1175.

26 2. For years ending in 1 and 6, sections 43-1072.02, 43-1074.02,
27 43-1075, 43-1083, 43-1083.02, 43-1163, 43-1164.03 and 43-1183.

28 3. For years ending in 2 and 7, sections 43-1073, 43-1085, 43-1086,
29 43-1089, 43-1089.01, 43-1089.02, 43-1089.03, 43-1164 and 43-1169.

30 4. For years ending in 3 and 8, sections 43-1074.01, 43-1081,
31 43-1168, 43-1170 and 43-1178.

32 5. For years ending in 4 and 9, sections 43-1073.01, 43-1076,
33 43-1081.01, 43-1083.03, 43-1084, 43-1164.04, 43-1164.05, and 43-1184.

34 Sec. 4. Title 43, chapter 2, article 2, Arizona Revised Statutes,
35 is amended by adding section 43-225, to read:

36 43-225. Affordable housing tax credit review committee;
37 reports; committee termination

38 A. THE AFFORDABLE HOUSING TAX CREDIT REVIEW COMMITTEE IS
39 ESTABLISHED CONSISTING OF THE FOLLOWING MEMBERS:

40 1. THREE MEMBERS WHO ARE APPOINTED BY THE GOVERNOR, NOT MORE THAN
41 TWO OF WHOM ARE MEMBERS OF THE SAME POLITICAL PARTY.

42 2. THREE MEMBERS WHO ARE APPOINTED BY THE PRESIDENT OF THE SENATE,
43 NOT MORE THAN TWO OF WHOM ARE MEMBERS OF THE SAME POLITICAL PARTY.

1 3. THREE MEMBERS WHO ARE APPOINTED BY THE SPEAKER OF THE HOUSE OF
2 REPRESENTATIVES, NOT MORE THAN TWO OF WHOM ARE MEMBERS OF THE SAME
3 POLITICAL PARTY.

4 B. APPOINTED MEMBERS SERVE AT THE PLEASURE OF THE PERSON WHO MADE
5 THE APPOINTMENT.

6 C. COMMITTEE MEMBERS ARE NOT ELIGIBLE TO RECEIVE COMPENSATION BUT
7 ARE ELIGIBLE TO RECEIVE REIMBURSEMENT FOR EXPENSES PURSUANT TO TITLE 38,
8 CHAPTER 4, ARTICLE 2.

9 D. THE COMMITTEE SHALL REVIEW THE AFFORDABLE HOUSING TAX CREDITS
10 ALLOWED UNDER SECTIONS 20-224.04, 41-3954, 43-1075 AND 43-1163 ON THE
11 FIFTH YEAR AFTER THE EFFECTIVE DATE OF THE CREDIT AND EVERY FIVE YEARS
12 THEREAFTER. THE COMMITTEE'S REVIEW SHALL INCLUDE THE FOLLOWING:

13 1. THE HISTORY, RATIONALE AND ESTIMATED REVENUE IMPACT OF THE
14 CREDIT.

15 2. WHETHER THE CREDIT HAS PROVIDED A BENEFIT TO THIS STATE THAT
16 INCLUDES, FOR CORPORATE TAX CREDITS, MEASURABLE ECONOMIC DEVELOPMENT, NEW
17 INVESTMENTS, CREATION OF NEW JOBS OR RETENTION OF EXISTING JOBS IN THIS
18 STATE.

19 3. WHETHER THE CREDIT IS UNNECESSARILY COMPLEX IN THE APPLICATION,
20 ADMINISTRATION AND APPROVAL PROCESSES.

21 4. THE NUMBER OF HOUSING UNITS GENERATED AS A RESULT OF THE TAX
22 CREDIT AND THE AVERAGE INCOME OF RESIDENTS OFFERED HOUSING UNITS.

23 E. ON OR BEFORE DECEMBER 15 OF THE YEAR THE COMMITTEE REVIEWS THE
24 CREDIT, THE COMMITTEE SHALL REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE
25 PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND
26 THE GOVERNOR AND SHALL PROVIDE A COPY OF THE REPORT TO THE SECRETARY OF
27 STATE.

28 F. THE COMMITTEE ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2029
29 PURSUANT TO SECTION 41-3103.

30 Sec. 5. Title 43, chapter 10, article 5, Arizona Revised Statutes,
31 is amended by adding section 43-1075, to read:

32 43-1075. Affordable housing tax credit

33 A. A TAXPAYER IS ALLOWED A CREDIT AGAINST THE TAXES IMPOSED BY THIS
34 TITLE IF THE ARIZONA DEPARTMENT OF HOUSING ISSUES AN ELIGIBILITY STATEMENT
35 FOR A QUALIFIED PROJECT PURSUANT TO SECTION 41-3954. THE AMOUNT OF THE
36 CREDIT:

37 1. IS EQUAL TO AT LEAST FIFTY PERCENT OF THE AMOUNT OF THE FEDERAL
38 LOW-INCOME HOUSING CREDIT FOR THE QUALIFIED PROJECT.

39 2. ON NOTICE TO THE DEPARTMENT OF REVENUE, MAY BE ALLOCATED AMONG
40 THE PARTNERS, MEMBERS OR SHAREHOLDERS, AS THEY MAY AGREE AMONG THEMSELVES
41 REGARDLESS OF THE SIZE OF SUCH PARTICIPANT'S OWNERSHIP INTEREST. THE
42 TOTAL OF THE ALLOCATED CREDITS AMONG ALL SUCH PARTICIPANTS MAY NOT EXCEED
43 THE AMOUNT OF THE CREDIT APPROVED BY THE ARIZONA DEPARTMENT OF
44 HOUSING. THIS PARAGRAPH DOES NOT PROHIBIT A PARTNER, MEMBER OR

1 SHAREHOLDER FROM HOLDING AN INVESTMENT EXCLUSIVELY IN EITHER THE STATE
2 CREDITS OR FEDERAL CREDITS ALLOCATED TO THE QUALIFIED PROJECT.

3 B. TO CLAIM THE CREDIT UNDER THIS SECTION, THE TAXPAYER MUST SUBMIT
4 THE ELIGIBILITY STATEMENT PROVIDED BY THE ARIZONA DEPARTMENT OF HOUSING
5 UNDER SECTION 41-3954 TO THE DEPARTMENT OF REVENUE WITH THE TAXPAYER'S
6 INCOME TAX RETURN. A CREDIT UNDER THIS SECTION IS NOT ALLOWED UNTIL THE
7 TAXPAYER FURNISHES THE REQUIRED DOCUMENTATION.

8 C. IF THE AMOUNT OF THE CREDIT FOR A TAXABLE YEAR EXCEEDS THE
9 AMOUNT OF TAXES OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME,
10 OR IF THERE ARE NO TAXES DUE UNDER THIS TITLE, THE TAXPAYER MAY CARRY THE
11 AMOUNT OF THE CLAIM NOT USED TO OFFSET THE TAXES UNDER THIS TITLE FORWARD
12 FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE YEARS' INCOME TAX LIABILITY.

13 D. IF ALL OR PART OF THE FEDERAL LOW-INCOME HOUSING TAX CREDIT WITH
14 RESPECT TO THE QUALIFIED PROJECT IS SUBJECT TO RECAPTURE UNDER SECTION 42
15 OF THE INTERNAL REVENUE CODE DURING THE FIRST TEN TAXABLE YEARS AFTER THE
16 PROJECT IS PLACED IN SERVICE, THE CREDIT UNDER THIS SECTION IS ALSO
17 SUBJECT TO RECAPTURE IN A PROPORTIONAL AMOUNT FROM ALL TAXPAYERS WHO
18 CLAIMED THE CREDIT. THE RECAPTURE IS CALCULATED BY INCREASING THE AMOUNT
19 OF TAXES IMPOSED IN THE FOLLOWING YEAR BY THE AMOUNT RECAPTURED.

20 E. THE DEPARTMENT OF REVENUE, WITH THE COOPERATION OF THE
21 DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS AND THE ARIZONA
22 DEPARTMENT OF HOUSING, SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS
23 AND PROCEDURES AS NECESSARY TO ADMINISTER THIS SECTION.

24 Sec. 6. Title 43, chapter 11, article 6, Arizona Revised Statutes,
25 is amended by adding section 43-1163, to read:

26 43-1163. Affordable housing tax credit

27 A. A TAXPAYER IS ALLOWED A CREDIT AGAINST THE TAXES IMPOSED BY THIS
28 TITLE IF THE ARIZONA DEPARTMENT OF HOUSING ISSUES AN ELIGIBILITY STATEMENT
29 FOR A QUALIFIED PROJECT PURSUANT TO SECTION 41-3954. THE AMOUNT OF THE
30 CREDIT:

31 1. IS EQUAL TO AT LEAST FIFTY PERCENT OF THE AMOUNT OF THE FEDERAL
32 LOW-INCOME HOUSING CREDIT FOR THE QUALIFIED PROJECT.

33 2. ON NOTICE TO THE DEPARTMENT OF REVENUE, MAY BE ALLOCATED AMONG
34 THE PARTNERS, MEMBERS OR SHAREHOLDERS, AS THEY MAY AGREE AMONG THEMSELVES
35 REGARDLESS OF THE SIZE OF SUCH PARTICIPANT'S OWNERSHIP INTEREST. THE
36 TOTAL OF THE ALLOCATED CREDITS AMONG ALL SUCH PARTICIPANTS MAY NOT EXCEED
37 THE AMOUNT OF THE CREDIT APPROVED BY THE ARIZONA DEPARTMENT OF HOUSING.
38 THIS PARAGRAPH DOES NOT PROHIBIT A PARTNER, MEMBER OR SHAREHOLDER FROM
39 HOLDING AN INVESTMENT EXCLUSIVELY IN EITHER THE STATE CREDITS OR FEDERAL
40 CREDITS ALLOCATED TO THE QUALIFIED PROJECT.

41 B. TO CLAIM THE CREDIT UNDER THIS SECTION, THE TAXPAYER MUST SUBMIT
42 THE ELIGIBILITY STATEMENT PROVIDED BY THE ARIZONA DEPARTMENT OF HOUSING
43 UNDER SECTION 41-3954 TO THE DEPARTMENT OF REVENUE WITH THE TAXPAYER'S
44 INCOME TAX RETURN. A CREDIT UNDER THIS SECTION IS NOT ALLOWED UNTIL THE
45 TAXPAYER FURNISHES THE REQUIRED DOCUMENTATION.

1 C. IF THE AMOUNT OF THE CREDIT FOR A TAXABLE YEAR EXCEEDS THE
2 AMOUNT OF TAXES OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME,
3 OR IF THERE ARE NO TAXES DUE UNDER THIS TITLE, THE TAXPAYER MAY CARRY THE
4 AMOUNT OF THE CLAIM NOT USED TO OFFSET THE TAXES UNDER THIS TITLE FORWARD
5 FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE YEARS' INCOME TAX LIABILITY.

6 D. IF ALL OR PART OF THE FEDERAL LOW-INCOME HOUSING TAX CREDIT WITH
7 RESPECT TO THE QUALIFIED PROJECT IS SUBJECT TO RECAPTURE UNDER SECTION 42
8 OF THE INTERNAL REVENUE CODE DURING THE FIRST TEN TAXABLE YEARS AFTER THE
9 PROJECT IS PLACED IN SERVICE, THE CREDIT UNDER THIS SECTION IS ALSO
10 SUBJECT TO RECAPTURE IN A PROPORTIONAL AMOUNT FROM ALL TAXPAYERS THAT
11 CLAIMED THE CREDIT. THE RECAPTURE IS CALCULATED BY INCREASING THE AMOUNT
12 OF TAXES IMPOSED IN THE FOLLOWING YEAR BY THE AMOUNT RECAPTURED.

13 E. THE DEPARTMENT OF REVENUE, WITH THE COOPERATION OF THE
14 DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS AND THE ARIZONA
15 DEPARTMENT OF HOUSING, SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS
16 AND PROCEDURES AS NECESSARY TO ADMINISTER THIS SECTION.

17 Sec. 7. Delayed repeal; saving clause

18 A. Sections 20-224.04, 41-3954, 43-225, 43-1075 and 43-1163,
19 Arizona Revised Statutes, as added by this act, are repealed from and
20 after December 31, 2028.

21 B. The repeal of sections 20-224.04, 41-3954, 43-225, 43-1075 and
22 43-1163, Arizona Revised Statutes, as added by this act, by subsection A
23 of this section does not:

24 1. Limit or impair the issuance of premium tax credits or income
25 tax credits for qualified projects that receive a reservation from the
26 Arizona department of housing pursuant to section 41-3954, Arizona Revised
27 Statutes, as added by this act, before December 31, 2028 or a taxpayer's
28 ability to redeem such tax credits in accordance with sections 20-224.04,
29 41-3954, 43-1075 and 43-1163, Arizona Revised Statutes, as added by this
30 act.

31 2. Affect any act done or right accruing or accrued, or any suit or
32 proceeding had or commenced in any civil cause of action before the
33 repeal. All rights and liabilities under such acts continue and may be
34 enforced in the same manner as allowed before the repeal.

35 Sec. 8. Implementation and administration

36 The Arizona department of housing shall implement and administer
37 section 41-3954, Arizona Revised Statutes, as added by this act, for
38 Arizona's 2022 qualified allocation plan for the low-income housing tax
39 credit and for future qualified allocation plans for the low-income
40 housing tax credits authorized by this act.

41 Sec. 9. Purpose

42 Pursuant to section 43-223, Arizona Revised Statutes, the
43 legislature enacts sections 43-1075 and 43-1163, Arizona Revised Statutes,
44 as added by this act, to support the construction of new affordable
45 housing projects in this state.