



2006 Legislative Summaries

**State of Arizona
Department
of Revenue**

**This document contains summaries of 2006 legislation from the
Forty-seventh Legislature – Second Regular Session.**

2006 Legislative Summaries

The following is intended to give a brief summary of the 2006 tax-related legislation impacting the Department of Revenue (DOR) and not intended to discuss the details of any specific enactment. Please refer to the particular legislation for more definitive information.

The general effective date for legislation is September 21, 2006. All legislation will have this effective date unless otherwise noted in the summary.

To go to the complete bill click on the chapter number (hyperlink to internet).

Income Tax

House Bill 2054 (Chapter [102](#))

Tax check-off; veterans' donations fund

HB2054 requires DOR to include a space on the individual income tax return to allow taxpayers to voluntarily designate an amount to donate from their refund to the Veterans' Donation Fund. Taxpayers can donate any amount in addition to or in lieu of a portion of their tax refund.

This bill is effective for taxable years beginning January 1, 2007.

House Bill 2088 (Chapter [18](#))

Taxation; confidentiality

See summary under Multiple Tax Types

House Bill 2177 (Chapter [378](#))

Health insurance premium tax credit

HB2177 requires DOR to issue Certificates of Eligibility to individuals or businesses that apply and meet certain requirements. These Certificates of Eligibility allow for a decrease in health insurance premiums for the individual or business and a reduction in Arizona's insurance premium tax for the insurance carrier. The credit is limited to \$5 million annually. For more information, go to www.azdor.gov and click on the "Credit Pre-Certification" link.

House Bill 2429 (Chapter [333](#))

Solar energy tax incentives

See summary under Multiple Tax Types

House Bill 2712 (Chapter [244](#))

Tax decisions; distribution

See summary under Multiple Tax Types

House Bill 2795 (Chapter [342](#))

Tax exemption; active duty

HB2795 makes permanent the state income tax exemption of military income for active duty members of the Armed Forces of the United States and expands the exemption to include the military income of reservists and members of the National Guard.

This bill becomes effective on January 1, 2007.

House Bill 2871 (Chapter [351](#))

General revenues; budget reconciliation

See summary under Multiple Tax Types

House Bill 2876 (Chapter [354](#))

Omnibus tax relief act

See summary under Multiple Tax Types

Senate Bill 1069 (Chapter [76](#))

2006 Tax Corrections Act

See summary under Multiple Tax Types

Senate Bill 1074 (Chapter [387](#))

Enterprise Zone; reauthorization

See summary under Multiple Tax Types

Senate Bill 1155 (Chapter [82](#))

Income tax credit review schedule

SB1155 is the annual bill to update the income tax credit review schedule based on the recommendations of the Joint Legislative Income Tax Credit Review Committee. This bill has rescheduled the income tax credits for the employment of TANF recipients and contributions to charitable organizations that provide assistance to the working poor for review in 2010. SB1155 also revised the schedule to blend conflicting legislation from the previous session.

Senate Bill 1156 (Chapter [357](#))

Internal revenue code conformity

Provisions:

- This bill conforms the Arizona definition of “internal revenue code” to the Internal Revenue Code in effect on January 1, 2006 including those provisions that became effective during 2005 and adopts the retroactive effective dates of all retroactive provisions.
- The bill will continue to exclude the three provisions where Arizona did not previously conform to the federal change: the 30 percent special bonus depreciation provided in the Job Creation and Worker Assistance Act of 2002; and both the 50 percent bonus depreciation and Section 179 expensing in the Job and Growth Tax Relief Reconciliation Act of 2003. Arizona taxpayers must make an adjustment to add back the amount taken at the federal level and subtract the amount allowable by Arizona when calculating Arizona income tax.

- The bill also conforms to the due dates for short period returns following a change in ownership to the federal due date.

Senate Bill 1367 (Chapter [222](#))

Motion picture production incentives

See summary under Multiple Tax Types

Senate Bill 1404 (Chapter [325](#))

Corporate tuition tax credit; amount

SB1404 increases the maximum annual amount of corporate income tax credits allowed for contributions to an STO from \$5 million to \$10 million in FY 2006-2007. The cap will annually increase by 20% beginning FY 2007-2008.

Senate Bill 1461 (Chapter [391](#))

Department of Revenue; continuation

See summary under Multiple Tax Types

Senate Bill 1499 (Chapter [14](#))

Corporate tax credit; tuition organization

SB 1499 establishes a corporate income tax credit for contributions made to a school tuition organization (STO) that provides educational scholarships and grants to children of low-income families. Any corporation wishing to participate in this program and be eligible to take the credit must first contact an STO. The STO then submits an application to DOR for approval of the contribution. If the contribution is approved by DOR, the corporation must make the contribution within 10 days after notification of approval by the STO.

SB1499 contained a maximum allowable credit limitation of \$5 million. SB1404 increased that limitation to \$10 million, with a 20% increase each fiscal year afterwards. The credit is set to expire as of June 30, 2011, so the credit limitation for FY11 will be \$20.736 million.

The legislation for this credit had a general effective date, making the bill become effective on

September 21, 2006. For more information on the pre-certification process, go to www.azdor.gov and click on the "Credit Pre-Certification" link.

Transaction Privilege Tax/ Use Tax

House Bill 2088 (Chapter [18](#))

Taxation; confidentiality

See summary under Multiple Tax Types

House Bill 2089 (Chapter [105](#))

Transaction privilege tax; postage deduction

HB2089 enacts a deduction under the job printing classification for postage or freight expenses that are billed to the job printer's customer. ARS § 42-5066(B)(4) stipulates that the amount deducted from the job printer's tax base shall not exceed the actual postage paid to the USPS or the actual freight expense paid to a commercial delivery service, and that the charges must be separately itemized on the customer's invoice and in the taxpayer's records.

House Bill 2360 (Chapter [321](#))

Tax exemption; food; school districts

- Creates a deduction for the sale of food to a school district or charter school that is consumed at a public school during school hours from the restaurant classification tax base.
- Expands the use tax exemption for food acquired by or provided to a school district or charter school that is consumed at a public school during school hours.
- Provides a retroactive effective date from and after December 31, 1999.
- Requires that claims for refunds must be filed with the DOR by December 31, 2006.
- Stipulates that the aggregate amount of the refund is not to exceed \$100,000. Interest will not be paid on any refund before July 1, 2007.

House Bill 2429 (Chapter [333](#))

Solar energy tax incentives

See summary under Multiple Tax Types

House Bill 2702 (Chapter [376](#))

Rio Nuevo; shared revenue

- Extends the diversion of 50% of state TPT revenues to the Rio Nuevo Multipurpose Facilities District until July 1, 2025.
- Restricts changes to the District boundaries.
- Makes changes relating to eminent domain.

House Bill 2712 (Chapter [244](#))

Tax decisions; distribution

See summary under Multiple Tax Types

House Bill 2820 (Chapter [230](#))

Manufactured buildings; taxation

HB2820 is clarifying existing law and not creating new taxes in regard to the prime contracting classification and use tax for manufactured homes.

- Clarifies that a "dealership of manufactured buildings" is a licensed dealer that sells to a final consumer or a dealer that is responsible for the completion of the delivery or setup contract.
- Specifies that sales for resale do not include sales to a lessor of manufactured buildings.
- Clarifies that proceeds from alterations or repairs to used manufactured homes are taxable.
- Clarifies the site of taxation for the sales of manufactured homes in Arizona in the following ways:
 - homes sold and delivered to another state are not taxed.
 - homes sold with no specified delivery site are taxed at the dealer's location.
 - homes sold with a specified delivery or setup site in Arizona are taxed at that site.

- Stipulates that homes purchased outside of Arizona, but setup in Arizona are subject to use tax at the rate of 65% of the sales price. Any person hired to setup the home in Arizona is liable for collecting and remitting the use tax along with any tax due under the prime contracting classification.

House Bill 2871 (Chapter [351](#))

General revenues; budget reconciliation

See summary under Multiple Tax Types

House Bill 2876 (Chapter [354](#))

Omnibus tax relief act

See summary under Multiple Tax Types

Senate Bill 1068 (Chapter [386](#))

Contractor sales tax; development fees

SB1068 allows the state and local development fees to be deducted from the TPT prime contracting classification taxable base. This bill has an effective date from and after August 31, 2006.

Senate Bill 1069 (Chapter [76](#))

2006 Tax Corrections Act

See summary under Multiple Tax Types

Senate Bill 1367 (Chapter [222](#))

Motion picture production incentives

See summary under Multiple Tax Types

Senate Bill 1411 (Chapter [168](#))

Prime contracting, exemption; waste disposal

SB1411 provides for an exemption from TPT under the prime contracting classification for the operation of a landfill or a solid waste disposal facility. An activity such as filling, compacting and creating vehicle access to and from cell sites is not taxable. An activity such as constructing roads to a landfill or constructing cell sites is taxable under prime contracting. An intent clause was added stating this

law cannot be used or considered in the construction or interpretation of the Model City Tax Code.

Senate Bill 1433 (Chapter [371](#))

Tax exemption; liquid natural gas

SB1433 exempts natural gas used for the sole purpose of fueling the necessary equipment in the conversion of natural gas into liquefied natural gas from TPT and use tax. The bill requires claims for a refund of TPT or use tax to be submitted to DOR by December 31, 2006. Claims can be submitted retroactively for tax periods beginning August 1, 2005.

Senate Bill 1461 (Chapter [391](#))

Department of Revenue; continuation

See summary under Multiple Tax Types

Senate Bill 1506 (Chapter [225](#))

Donated food; tax exemption

SB1506 creates a TPT deduction under the restaurant classification of gross proceeds for prepared food, drink or condiment that is donated by a restaurant to a 501(c) (3) non profit charitable organization that regularly serves free meals to the needy and indigent. The bill also exempts from use tax prepared food, drink or condiment that is donated by a restaurant to a 501(c) (3) non profit charitable organization that regularly serves free meals to the needy and indigent.

Property Tax

House Bill 2175 (Chapter [327](#))

Property tax exemption; health care

Exempts property owned by a non profit healthcare provider that is used to provide health care services if the property is not used or held for profit. This bill has a retroactive effective date from and after December 31, 1999.

House Bill 2350 (Chapter [134](#))

County treasurer; corrections

HB2350 makes several changes to the county treasurer's procedures that include the clarification of the legal interest rate the treasurer must pay when issuing a tax correction refund.

- Specifies that the interest paid on tax correction refunds will be the interest rate set by DOR on the day the payment is rendered.
- Extends the real property tax abatement processes to include personal property.
- Eliminates DOR's approval for the abatement of property taxes by the county.

House Bill 2429 (Chapter [333](#))

Solar energy tax incentives

See summary under Multiple Tax Types

House Bill 2474 (Chapter [322](#))

Verification of class three property

HB2474 allows DOR oversight of county programs to identify properties that are misclassified as owner-occupied (Class 3) instead of residential-rental (Class 4).

- Allows DOR and the County Assessors Office to enter into intergovernmental agreements for an exchange of information to ensure a coordinated and comprehensive review of information regarding identification of properties that may be misclassified.
- Requires DOR to monitor and review procedures and verify compliance by the county assessor and county treasurer.
- Requires DOR to issue a report by November 15 of each year to the Governor and Legislature on the processes and procedures used by each county in their verification program.

House Bill 2717 (Chapter [323](#))

Tax exemption; government owned property

Current law states that the improvements constructed on land owned by and leased from an agricultural improvement district are subject to tax being paid by the lessee as in any other property used for similar purposes, unless the improvements are otherwise entitled to a Constitutional exemption. HB2717 eliminates this taxation.

House Bill 2821 (Chapter [143](#))

Property tax assessment, valuation, appeals

HB2821 establishes an Elderly Assistance Fund in Maricopa County to help defray school taxes for properties that qualify for the senior value protection option.

HB2821 makes several changes to the definitions used for property tax purposes:

- Defines "due date" as the next business day if the due date falls on a non-business day.
- Adds to the definition of "market value" that full cash value may not exceed market value regardless of valuation method.

This bill changes the deadline for appeals to state and county boards of equalization to sixty days after the date of mailing of the decision or December 15th, whichever is later.

This bill also requires the approval of the Property Tax Oversight Commission for changes to the tax roll after February 10th.

House Bill 2876 (Chapter [354](#))

Omnibus tax relief act

See summary under Multiple Tax Types

Senate Bill 1074 (Chapter [387](#))

Enterprise Zone; reauthorization

See summary under Multiple Tax Types

Senate Bill 1346 (Chapter [388](#))

Fleet requirements; tax incentives; bio diesel

SB1346 places real and personal property and improvements used specifically and solely to produce 100% bio diesel fuel and its by-products that are valued at full cash value in the class six property classification.

This bill also amends the motor vehicle fleet mandates in regard to using clean burning fuel equivalents.

Senate Bill 1390 (Chapter [38](#))

Property tax valuation; telecommunications companies

SB1390 requires DOR to consider obsolescence in the valuation of telecommunications property upon documentation provided by the telecommunications company. The bill also defines obsolescence as a reduction in the value of an asset resulting from functional or economic obsolescence.

Senate Bill 1461 (Chapter [391](#))

Department of Revenue; continuation

See summary under Multiple Tax Types

Senate Bill 1481 (Chapter [392](#))

Property tax exemption; educational institutions

SB1481 establishes a property tax exemption for property owned by a non profit religious or charitable organization that leases the property to a non profit educational organization and is used for educational purposes. The bill specifies that the property owner must notify the assessor in writing of any changes in the ownership or use of the property.

SB1481 also establishes an exemption for certain low income assisted living housing projects. The property must not be used or held for profit, and must be used for rental housing and related facilities, and must be owned and operated by a charitable fund, foundation or corporation. Additional restrictions apply to the types of

financing on the property, tax credits received, and number of residents.

Senate Bill 1502 (Chapter [170](#))

Judicial tax appeal determinations; carryover

SB1502 requires the county assessor to use the valuation or change in classification of a property for the next year's valuation if, upon judicial appeal, the property valuation is reduced. The assessor is already required by statute to use the reduced valuation or change in classification upon administrative appeal.

Multiple Tax Types

House Bill 2086 (Chapter [123](#))

Taxes; payments, penalties, filings and extensions

HB2086 amends a general statute that applies to payments for all tax types, standardizes the due dates for transaction privilege tax (TPT) returns and payments, modifies a non-filing penalty for TPT returns, and allows filing extensions for withholding tax. More specifically, this bill:

- Authorizes a \$25 NSF fee to be applied to a tax payment made by an electronic funds transfer or automated clearing house debit or credit if the transfer, debit or credit is not paid or is dishonored by the institution. [See A.R.S. § 42-1126]
- Clarifies that all methods of filing TPT returns and making payments are standardized in that all returns and payments are considered timely if received by DOR on or before the second to the last business day of the month. [See A.R.S. § 42-5014]
- Does not allow credit for taxes paid timely when the TPT return is filed late. [See A.R.S. § 42-5014]
- Allows employers 10 additional days to reconcile the quarterly withholding amounts when payments are paid in full and not delinquent for the quarter. [See A.R.S. § 43-401]

House Bill 2088 (Chapter [18](#))

Taxation; confidentiality

HB2088 makes several changes to update the tax confidentiality statutes as well as technical and conforming changes.

- Clarifies that TPT cases involving income tax information may be heard by the Office of Administrative Hearings (OAH) if the taxpayer agrees in writing and waives confidentiality
- Authorizes DOR to disclose confidential information to the Federation of Tax Administrators and the Multi-State Tax Commission, U.S. Treasury Department and for judicial or administrative proceedings.
- Authorizes DOR to disclose a list of tobacco distributor license holders
- Stipulates restrictions on the release of information regarding unclaimed property

House Bill 2429 (Chapter [333](#))

Solar energy tax incentives

Provisions:

- Establishes a new solar energy device tax credit beginning January 1, 2006 through December 31, 2012 for the installation of one or more solar energy devices for commercial or industrial purposes in a trade or business located in Arizona.
- Department of Commerce has 30 days to approve an application and supply an initial certificate for a Commercial Solar Energy Income Tax Credit.
- Department of Commerce shall not certify tax credits in any calendar year that exceed a total of \$1 million.
- Department of Commerce supplies DOR with a copy of the initial certificate, which includes the

unique identification number, and the total amount of the income tax credit to be claimed.

- Specifies the amount of the tax credit is equal to 10% of the installed price and limits the credit taken to \$25,000 with respect to the same building in the same year and to \$50,000 per company per year.
- Allows a third party that finances the solar energy devices to take the tax credit.
- Removes the \$5,000 tax exemption limitation for retail and prime contracting classification under TPT.
- Prohibits solar energy devices and any other device or system designed for the production of solar energy for on-site consumption from adding to property value.
- Makes technical and conforming changes.

House Bill 2712 (Chapter [244](#))

Tax decisions; distribution

HB2712 requires DOR as well as a few other agencies to provide redacted tax decisions to law libraries, state university Colleges of Law, the State Law Library, the Arizona State Library and any person who requests them. The bill also requires these agencies to publish tax decisions on their official website.

House Bill 2871 (Chapter [351](#))

General revenues; budget reconciliation

Provisions:

- Appropriates \$850,000 in FY07 to DOR from the General Fund for distribution to towns with populations of 1,500 people or less.
- Repeals the Arizona State Schools for the Deaf and Blind Telecommunications Fund.
- Removes the annual Transaction Privilege Tax distribution to the Arts Endowment Fund.

- Effective June 30, 2007, changes the method for calculating the distribution to the Sports and Tourism Authority for deposit in the Facility Revenue Clearing account.
- Retains the 1.1 percent rate on a telecommunications company's sales or gross income derived from exchange access services, yet retroactive to June 30, 2006 changes the distribution of these funds. Distributions to Poison Control, the School for the Deaf and Blind and Teratogen funding are eliminated.
- Raises the June Transaction Privilege Tax estimated payment threshold from \$100,000 to \$1 million.
- Establishes explicit distribution amounts for Income Tax Urban Revenue Sharing to cities for FY09.
- Makes other technical and conforming changes.

- Modifies the information that is provided in the information pamphlet for bonds, overrides and other secondary taxes.
- Beginning in 2006, reduces the individual income tax rate by 10% over a two year period. The charts below indicate the current and new tax rates:

Single/Married Filing Separate Income Bracket	Current Tax Rate	New Tax Rate 2006	New Tax Rate 2007
\$0 - \$10,000	2.87%	2.73%	2.59%
\$10,001 - \$25,000	3.20%	3.04%	2.88%
\$25,001 - \$50,000	3.74%	3.55%	3.36%
\$50,001 - \$150,000	4.72%	4.48%	4.24%
\$150,001 and over	5.04%	4.79%	4.54%

Married Filing Joint/ Head of Household Income Bracket	Current Tax Rate	New Tax Rate 2006	New Tax Rate 2007
\$0 - \$20,000	2.87%	2.73%	2.59%
\$20,001 - \$50,000	3.20%	3.04%	2.88%
\$50,001 - \$100,000	3.74%	3.55%	3.36%
\$100,001 - \$300,000	4.72%	4.48%	4.24%
\$300,001 and over	5.04%	4.79%	4.54%

House Bill 2876 (Chapter [354](#))

Omnibus tax relief act

Provisions:

- For tax year 2006, requires municipalities, counties and community college districts to set their primary property levies at the lesser of their constitution levy limit or set them at their 2005 primary property tax levy, plus amounts attributable to new construction, and allow an inflation factor of 2%.
- Changes the name of the county equalization assistance for education tax rate to the state equalization assistance property tax rate and sets the rate at zero for tax years 2006 through 2008. This rate will be adjusted in 2009 to the TNT rate from the 2005 tax year.
- Effective July 1, 2007, requires elections for secondary taxes for bonds, overrides and other special district taxes only to be conducted at the November general election.

- Beginning November 1, 2006, the following taxes will be eliminated:

- Membership camping classification under TPT
- Rental occupancy tax
- Severance tax on timber products

Senate Bill 1069 (Chapter [76](#))

2006 Tax Corrections Act

SB1069 makes technical, conforming and clarifying changes to Arizona tax statutes.

- Clarifies those out-of-state residents who purchase motor vehicles and whose state of residence does not impose an excise tax are exempt from Arizona transaction privilege tax.
- Rectifies conflicting enactments relating to the Joint Legislative Income Tax Credit Review Committee schedule.
- Rectifies conflicting enactments relating to changes to the individual and corporate income

tax credit for the installation of water conservation systems and plumbing sub outs.

- Corrects a reference and deletes an obsolete reference to the Internal Revenue Code (IRC).

Senate Bill 1074 (Chapter [387](#))

Enterprise Zone; reauthorization

Extends the Enterprise Zone Program for five years and modifies the qualification requirements of the EZ Program. Small commercial printing businesses were added as a qualified business.

- Extends the EZ Program until June 30, 2011.
- Department of Commerce is required to certify small manufacturing and small commercial printing businesses annually under the EZ Program.
- Terminates an EZ Program certification of certified manufacturing or small commercial printing businesses if the ownership interest changes more than 20% and requires the new owners to apply for certification.
- Raises, from 10,000 to 15,000, the minimum population threshold of cities and towns to determine the minimum investment requirement.

This bill becomes effective on the general effective date but is retroactive to July 1, 2006.

Senate Bill 1367 (Chapter [222](#))

Motion picture production incentives

Makes changes to the certification of motion picture production costs and qualification for motion picture production tax incentives.

- Allows a motion picture production company to utilize its authorized payroll service company to meet the required percentage of full-time Arizona resident employees.
- Exempts the difference in the amount of eligible production costs actually incurred versus the

amount pre-approved for income tax credits from that year's income tax credit cap.

- Clarifies the requirement that a motion picture production company incur production costs in Arizona of at least \$250,000 for producing one or more motion pictures during a 12 month period for which it is qualified for the tax incentives.
- Specifies that if a company does not submit notice of beginning production to the Department of Commerce within four months after the date of its Department of Commerce pre-approval, or fails to begin production within that time, the pre-approval lapses, its application is void, and the amount of pre-approval no longer applies to that year's income credit cap.
- Allows the Department of Commerce to accept initial applications for the following calendar year after October 31 of each year, if it has pre-approved the full amount of the current calendar year's income tax credit cap.
- Also includes printing activity related to the motion picture production in the TPT exemption.

This bill becomes effective on the general effective date retroactive to January 1, 2006.

Senate Bill 1461 (Chapter [391](#))

Department of Revenue; continuation

In addition to continuing the Department of Revenue until July 1, 2016, this bill prohibits DOR, unless permitted by law, from applying new legislation retroactively or in a way that will penalize a taxpayer who was complying with previous legislation. The bill restricts new interpretations or applications of tax laws by DOR and states that DOR does not have to provide a refund of tax, penalties or interest paid before a new interpretation or application unless the taxpayer provides documentation showing that the refund will go to a person who paid an extra charge to cover the tax.

SB1461 also requires DOR to submit for review each substantive proposed guideline, table and manual that has been modified from and after December 31, 2006 to the Joint Legislative Oversight Committee on Property Tax Assessment and Appeals. DOR shall not finally adopt any changes for 30 days after submitting them to the committee to allow the committee time to review and meet. If the committee does not meet within the 30 days, DOR is able to adopt the changes made without further consideration.

Miscellaneous

House Bill 2001 (Chapter [187](#))

Tax setoff for debts; verification

- Allows for the interception of a taxpayers state tax refund when the taxpayer has been identified as having an outstanding debt with an agency or court.
- Requires the agency or court to verify a taxpayer's identity by verifying at least two pieces of identification and providing final confirmation in writing or electronically to DOR.
- Establishes that a taxpayer is entitled to a full refund including penalties and interest if the tax refund was intercepted in error.

House Bill 2870 (Chapter [350](#))

State government; budget reconciliation

Provisions:

- Requires DOR to semiannually publish a notice, in each county's newspaper, with a toll free telephone number directing the public to DOR's website regarding abandoned property.
- Eliminates the requirement for DOR to publish the names of individuals with unclaimed property.
- Clarifies a notice be published no later than November 30 of the year after the abandoned property has been paid or delivered to DOR.

Senate Bill 1066 (Chapter [278](#))

Cigarette sales; licensing, luxury tax

SB1066 establishes new penalties and increases existing penalties for the receiving, possessing and the sale of unstamped or unlawfully stamped cigarettes. The bill prescribes additional licensing requirements for cigarette distributors and conditions for affixing luxury tax stamps.

The bill also clarifies that an individual who purchases tobacco products via the Internet for personal use or consumption is required to register with DOR with no registration fee. These individuals are required to pay the applicable luxury tax within 10 days of receiving the unstamped cigarettes.

The sections of the bill that apply to individuals purchasing unstamped cigarettes for personal use will go into effect on the general effective date. All other sections have a delayed effective date of September 30, 2006.

Senate Bill 1087 (Chapter [246](#))

Spousal maintenance; tax refund; set off

SB1087 enables the clerk of the court to intercept a taxpayer's state income tax refund for the collection of spousal maintenance.

Senate Bill 1148 (Chapter [33](#))

Safe deposit boxes; unclaimed property

SB1148 increases the amount of time after the expiration of the lease of a safe deposit box from one year to three years before the contents is considered abandoned.

Senate Bill 1170 (Chapter [262](#))

Estate; generation skipping taxes; repeal

Permanently repeals the Arizona estate tax

- Subtracts from Arizona gross income the amount of federal estate taxes paid in the current taxable year.

- Removes the reference to filing extensions granted for the Federal estate tax return.
- Removes the six month limit for filing extensions granted by DOR for Arizona estate tax returns.

Senate Bill 1276 (Chapter [310](#))

Wine shipment; limited production winery

SB1276 requires a Domestic Farm Winery (DFW) that produces less than 20,000 gallons of wine and delivers wine directly to a retailer or consumer to file a bond with DOR. The total of the bond must be twice the DFW's estimated monthly tax, but not less than \$500. The bond is not required for DFWs that have made timely tax payments for 12 consecutive months.

The bill also requires a DFW not using the services of a wholesaler to make all luxury tax payments and file all returns or reports as required by law.