

PROPOSED AMENDMENT
SENATE AMENDMENTS TO S.B. 1185

(Reference to proposed amendment dated 4/1/09; 3:48 p.m.)

Page 1, between lines 1 and 2, insert:

"Section 1. Section 15-2201, Arizona Revised Statutes, is amended to read:

15-2201. Local education accountability program; phase-in

A. The local education accountability program is established to provide direct funding associated with teacher salaries, average daily membership, and transportation of pupils to local individual schools.

B. By January 1 of each year, principals of schools not participating in the local education accountability program may provide written notice to the district superintendent of schools and the department of education of intent to apply for participation in the program.

C. Each school district ~~shall~~, from the applications made and by March 1 of each year, **SHALL** select at least one school to participate in the program and shall select additional schools as necessary to reach ten per cent of the number of schools in the district. If applications are received from more than ten per cent of the schools, the district ~~may~~, at its sole option, **MAY** determine the schools making up ten per cent of the schools in the district which shall participate in the program. Nothing in this section shall be construed as a limitation of the number of schools which the district may admit to the program in any one year.

D. The principal of each school selected to participate in the program may:

1. Adopt a corporate seal.

2. Contract, except that the principal shall not enter into any contract for goods or services in which the total cost of the transaction

1 exceeds five thousand dollars without written approval from the school
2 district governing board. The school district governing board shall approve
3 any proposed contract submitted by the principal pursuant to this paragraph
4 if the contract is in proper form and if the contract is for a lawful
5 purpose. The principal shall honor any existing contractual obligations
6 between the school district and any provider of goods or services to the
7 school.

8 3. Sue and be sued.

9 E. The principal of each financially and operationally independent
10 school shall negotiate employment contracts with teachers who provide
11 instruction at the school, except that the principal shall honor any existing
12 employment agreements between those teachers and the school district. The
13 salary paid to a teacher who provides instruction at a financially and
14 operationally independent school shall not be less than the salary earned by
15 that teacher before the school became financially and operationally
16 independent and shall not be less than the salary offered by that school
17 district to teachers with comparable work experience and a comparable level
18 of education.

19 F. Each financially and operationally independent school shall procure
20 liability insurance, property damage insurance, workers' compensation
21 insurance and any other forms of insurance deemed necessary or desirable by
22 the principal of the school.

23 ~~G. Taxpayers are eligible to receive a tax credit pursuant to section~~
24 ~~43-1089.01 for contributions to financially and operationally independent~~
25 ~~schools.~~

26 ~~H.~~ G. A school district governing board shall not take any personnel
27 action against a principal applying to participate in the local education
28 accountability program.

29 ~~I.~~ H. A school district governing board shall not take any personnel
30 action against a principal of a financially and operationally independent
31 school that is directly or indirectly contingent on the amount of services
32 that the school will contract to purchase from the school district. ~~As used~~

~~in~~ FOR THE PURPOSES OF this subsection, "personnel action" means any of the following:

1. A disciplinary or corrective action.
2. A transfer or reassignment.
3. A suspension, demotion or dismissal.
4. An unfavorable performance evaluation.
5. A reduction in pay, benefits or awards.
6. Other significant changes in duties or responsibilities that are inconsistent with the principal's salary or employment classification."

Renumber to conform

Page 5, between lines 31 and 32, insert:

"Sec. 4. Section 43-222, Arizona Revised Statutes, is amended to read:

43-222. Income tax credit review schedule

Each year the joint legislative income tax credit review committee shall review the following income tax credits:

1. In 2007, sections 43-1077, 43-1078, 43-1079, 43-1080, 43-1165, 43-1166, 43-1167 and 43-1169.
2. In 2008, sections 43-1074.01, 43-1081, 43-1168, 43-1170 and 43-1178.
3. In 2009, sections 43-1076, 43-1081.01, 43-1084, 43-1162 and 43-1170.01.
4. In 2010, sections 43-1075, 43-1075.01, 43-1079.01, 43-1087, ~~43-1088,~~ 43-1090.01, 43-1163, 43-1163.01, 43-1167.01, 43-1175 and 43-1182.
5. In 2011, sections 43-1074.02, 43-1083, 43-1085, 43-1164 and 43-1183.
6. In 2012, sections 43-1073, 43-1086, 43-1089, ~~43-1089.01,~~ 43-1089.02, 43-1090, 43-1176 and 43-1181."

Renumber to conform

Page 11, between lines 19 and 20, insert:

"Sec. 9. Section 43-1021, Arizona Revised Statutes, is amended to read:

43-1021. Additions to Arizona gross income

In computing Arizona adjusted gross income, the following amounts shall be added to Arizona gross income:

1. A beneficiary's share of the fiduciary adjustment to the extent that the amount determined by section 43-1333 increases the beneficiary's Arizona gross income.

2. An amount equal to the "ordinary income portion" of a lump sum distribution that was excluded from federal adjusted gross income pursuant to section 402(d) of the internal revenue code.

3. The amount of interest income received on obligations of any state, territory or possession of the United States, or any political subdivision thereof, located outside the state of Arizona, reduced, for tax years beginning from and after December 31, 1996, by the amount of any interest on indebtedness and other related expenses that were incurred or continued to purchase or carry those obligations and that are not otherwise deducted or subtracted in arriving at Arizona gross income.

4. Annuity income received during the taxable year to the extent that the sum of the proceeds received from such annuity in all taxable years prior to and including the current taxable year exceeds the total consideration and premiums paid by the taxpayer. This paragraph applies only to those annuities with respect to which the first payment was received prior to December 31, 1978.

5. The excess of a partner's share of partnership taxable income required to be included under chapter 14, article 2 of this title over the income required to be reported under section 702(a)(8) of the internal revenue code.

6. The excess of a partner's share of partnership losses determined pursuant to section 702(a)(8) of the internal revenue code over the losses allowable under chapter 14, article 2 of this title.

1 7. The amount by which the adjusted basis of property described in
2 this paragraph and computed pursuant to the internal revenue code exceeds the
3 adjusted basis of such property computed pursuant to this title and the
4 income tax act of 1954, as amended. This paragraph shall apply to all
5 property which is held for the production of income and which is sold or
6 otherwise disposed of during the taxable year, except depreciable property
7 used in a trade or business.

8 8. The amount of depreciation or amortization of costs of any capital
9 investment that is deducted pursuant to section 167 or 179 of the internal
10 revenue code by a qualified defense contractor with respect to which an
11 election is made to amortize pursuant to section 43-1024.

12 9. The amount of gain from the sale or other disposition of a capital
13 investment which a qualified defense contractor has elected to amortize
14 pursuant to section 43-1024.

15 10. Amounts withdrawn from the Arizona state retirement system, the
16 corrections officer retirement plan, the public safety personnel retirement
17 system, the elected officials' retirement plan or a county or city retirement
18 plan by an employee upon termination of employment before retirement to the
19 extent they were deducted in arriving at Arizona taxable income in any year.

20 11. That portion of the net operating loss included in federal adjusted
21 gross income which has already been taken as a net operating loss for Arizona
22 purposes or which is separately taken as a subtraction under the special net
23 operating loss transition rule.

24 12. Any nonitemized amount deducted pursuant to section 170 of the
25 internal revenue code representing contributions to an educational
26 institution which denies admission, enrollment or board and room
27 accommodations on the basis of race, color or ethnic background except those
28 institutions primarily established for the education of American Indians.

29 13. The amount paid as taxes on property in this state with respect to
30 which a credit is claimed under section 43-1078.

1 14. Amounts withdrawn from a medical savings account by the individual
2 during the taxable year computed pursuant to section 220(f) of the internal
3 revenue code and not included in federal adjusted gross income.

4 15. Any amount of agricultural water conservation expenses that were
5 deducted pursuant to the internal revenue code for which a credit is claimed
6 under section 43-1084.

7 16. The amount by which the depreciation or amortization computed under
8 the internal revenue code with respect to property for which a credit was
9 taken under section 43-1080 exceeds the amount of depreciation or
10 amortization computed pursuant to the internal revenue code on the Arizona
11 adjusted basis of the property.

12 17. The amount by which the adjusted basis computed under the internal
13 revenue code with respect to property for which a credit was claimed under
14 section 43-1080 and which is sold or otherwise disposed of during the taxable
15 year exceeds the adjusted basis of the property computed under section
16 43-1080.

17 18. The amount by which the depreciation or amortization computed under
18 the internal revenue code with respect to property for which a credit was
19 taken under either section 43-1081 or 43-1081.01 exceeds the amount of
20 depreciation or amortization computed pursuant to the internal revenue code
21 on the Arizona adjusted basis of the property.

22 19. The amount by which the adjusted basis computed under the internal
23 revenue code with respect to property for which a credit was claimed under
24 section 43-1074.02, 43-1081 or 43-1081.01 and which is sold or otherwise
25 disposed of during the taxable year exceeds the adjusted basis of the
26 property computed under section 43-1074.02, 43-1081 or 43-1081.01, as
27 applicable.

28 20. The deduction referred to in section 1341(a)(4) of the internal
29 revenue code for restoration of a substantial amount held under a claim of
30 right.

31 21. The amount by which a net operating loss carryover or capital loss
32 carryover allowable pursuant to section 1341(b)(5) of the internal revenue

1 code exceeds the net operating loss carryover or capital loss carryover
2 allowable pursuant to section 43-1029, subsection F.

3 22. Any amount deducted pursuant to section 170 of the internal revenue
4 code representing contributions to a school tuition organization ~~or a public~~
5 ~~school~~ for which a credit is claimed under section 43-1089 ~~or 43-1089.01~~.

6 23. Any amount deducted in computing Arizona gross income as expenses
7 for installing solar stub outs or electric vehicle recharge outlets in this
8 state with respect to which a credit is claimed pursuant to section 43-1090.

9 24. Any wage expenses deducted pursuant to the internal revenue code
10 for which a credit is claimed under section 43-1087 and representing net
11 increases in qualified employment positions for employment of temporary
12 assistance for needy families recipients.

13 25. Any amount deducted for conveying ownership or development rights
14 of property to an agricultural preservation district under section 48-5702
15 for which a credit is claimed under section 43-1081.02.

16 26. The amount of any depreciation allowance allowed pursuant to
17 section 167(a) of the internal revenue code to the extent not previously
18 added.

19 27. With respect to property for which an expense deduction was taken
20 pursuant to section 179 of the internal revenue code, the amount in excess of
21 twenty-five thousand dollars.

22 28. The amount of any deductions that are claimed in computing federal
23 adjusted gross income representing expenses for which a credit is claimed
24 under either section 43-1075 or 43-1075.01 or both.

25 29. The amount by which the depreciation or amortization computed under
26 the internal revenue code with respect to property for which a credit was
27 taken under section 43-1090.01 exceeds the amount of depreciation or
28 amortization computed pursuant to the internal revenue code on the Arizona
29 adjusted basis of the property.

30 30. The amount by which the adjusted basis computed under the internal
31 revenue code with respect to property for which a credit was claimed under
32 section 43-1090.01 and which is sold or otherwise disposed of during the

1 taxable year exceeds the adjusted basis of the property computed under
2 section 43-1090.01.

3 31. The amount of a nonqualified withdrawal, as defined in section
4 15-1871, from a college savings plan established pursuant to section 529 of
5 the internal revenue code that is made to a distributee to the extent the
6 amount is not included in computing federal adjusted gross income, except
7 that the amount added under this paragraph shall not exceed the difference
8 between the amount subtracted under section 43-1022 in prior taxable years
9 and the amount added under THIS section ~~43-1021~~ in any prior taxable years.

10 Sec. 10. Repeal

11 Sections 43-1088 and 43-1089.01, Arizona Revised Statutes, are
12 repealed."

13 Renumber to conform

14 Amend title to conform

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04/01/2009
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C: mwb