

COMMITTEE ON APPROPRIATIONS  
SENATE AMENDMENTS TO S.B. 1185  
(Reference to printed bill)

Strike everything after the enacting clause and insert:

"Section 1. Section 42-1001, Arizona Revised Statutes, is amended to read:

42-1001. Definitions

In this title, unless the context otherwise requires:

1. "Board" or "state board" means either the state board of tax appeals or the state board of equalization, as applicable.

2. "Court" means the tax court or superior court, whichever is applicable.

3. "Department" means the department of revenue.

4. "Director" means the director of the department.

5. "Internal revenue code" means the United States internal revenue code of 1986, as amended and in effect as of January 1, ~~2008~~ 2009, including those provisions that became effective during ~~2007~~ 2008 with the specific adoption of their retroactive effective dates but excluding all changes to the code enacted after January 1, ~~2008~~ 2009.

Sec. 2. Section 43-105, Arizona Revised Statutes, is amended to read:

43-105. Internal revenue code; definition; application

A. FOR PURPOSES OF COMPUTING INCOME TAX PURSUANT TO THIS TITLE, FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2008, "INTERNAL REVENUE CODE" MEANS THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, IN EFFECT ON JANUARY 1, 2009, INCLUDING THOSE PROVISIONS THAT BECAME EFFECTIVE DURING 2008 WITH THE SPECIFIC ADOPTION OF ALL FEDERAL RETROACTIVE EFFECTIVE DATES, BUT EXCLUDING ANY CHANGE TO THE CODE ENACTED AFTER JANUARY 1, 2009.

~~A.~~ B. For purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2007 ~~THROUGH DECEMBER 31, 2008~~, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2008, including those provisions that became effective during 2007 with the specific adoption of all federal retroactive effective dates, ~~but excluding any change to the code enacted after January 1, 2008~~ AND INCLUDING THOSE PROVISIONS OF THE ECONOMIC STIMULUS ACT OF 2008 (P.L. 110-185), THE HEROES EARNINGS ASSISTANCE AND

1 RELIEF TAX ACT OF 2008 (P.L. 110-245), THE HEARTLAND, HABITAT, HARVEST AND  
2 HORTICULTURE ACT OF 2008 (P.L. 110-246), THE HOUSING ASSISTANCE TAX ACT OF  
3 2008 (P.L. 110-289), THE EMERGENCY ECONOMIC STABILIZATION ACT OF 2008  
4 (P.L. 110-343) AND THE WORKER, RETIREE, AND EMPLOYER RECOVERY ACT OF 2008  
5 (P.L. 110-458) THAT ARE RETROACTIVELY EFFECTIVE DURING TAXABLE YEARS  
6 BEGINNING FROM AND AFTER DECEMBER 31, 2007 THROUGH DECEMBER 31, 2008.

7 ~~B.~~ C. For purposes of computing income tax pursuant to this title,  
8 for taxable years beginning from and after December 31, 2006 through December  
9 31, 2007, "internal revenue code" means the United States internal revenue  
10 code of 1986, as amended, in effect on January 1, 2007, including those  
11 provisions that became effective during 2006 with the specific adoption of  
12 all federal retroactive effective dates and including those provisions of the  
13 small business and work opportunity tax act of 2007 (P.L. 110-28), the energy  
14 independence and security act of 2007 (P.L. 110-140), Public Law 110-141, the  
15 mortgage forgiveness debt relief act of 2007 (P.L. 110-142), ~~and~~ the tax  
16 technical corrections act of 2007 (P.L. 110-172), THE ECONOMIC STIMULUS ACT  
17 OF 2008 (P.L. 110-185), THE HEROES EARNINGS ASSISTANCE AND RELIEF TAX ACT OF  
18 2008 (P.L. 110-245), THE HEARTLAND, HABITAT, HARVEST AND HORTICULTURE ACT OF  
19 2008 (P.L. 110-246), THE HOUSING ASSISTANCE TAX ACT OF 2008 (P.L. 110-289),  
20 THE EMERGENCY ECONOMIC STABILIZATION ACT OF 2008 (P.L. 110-343) AND THE  
21 WORKER, RETIREE, AND EMPLOYER RECOVERY ACT OF 2008 (P.L. 110-458) that are  
22 retroactively effective during taxable years beginning from and after  
23 December 31, 2006 through December 31, 2007.

24 ~~C.~~ D. For purposes of computing income tax pursuant to this title,  
25 for taxable years beginning from and after December 31, 2005 through December  
26 31, 2006, "internal revenue code" means the United States internal revenue  
27 code of 1986, as amended, in effect on January 1, 2006, including those  
28 provisions that became effective during 2005 with the specific adoption of  
29 all federal retroactive effective dates and including those provisions of the  
30 tax increase prevention and reconciliation act of 2005 (P.L. 109-222), the  
31 pension protection act of 2006 (P.L. 109-280), the tax relief and health care  
32 act of 2006 (P.L. 109-432), the small business and work opportunity tax act  
33 of 2007 (P.L. 110-28), the mortgage forgiveness debt relief act of 2007  
34 (P.L. 110-142), ~~and~~ the tax technical corrections act of 2007 (P.L. 110-172),  
35 THE HEARTLAND, HABITAT, HARVEST AND HORTICULTURE ACT OF 2008 (P.L. 110-246)  
36 AND THE HOUSING ASSISTANCE TAX ACT OF 2008 (P.L. 110-289) that are  
37 retroactively effective during taxable years beginning from and after  
38 December 31, 2005 through December 31, 2006.

~~D.~~ E. For purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2004 through December 31, 2005, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2005, including those provisions that became effective during 2004 with the specific adoption of all federal retroactive effective dates and including those provisions of the Katrina emergency tax relief act of 2005 (P.L. 109-73), the energy tax incentives act of 2005 (title XIII of the energy policy act of 2005 (P.L. 109-58)), the gulf opportunity zone act of 2005 (P.L. 109-135), ~~and~~ the tax technical corrections act of 2007 (P.L. 110-172), ~~THE HEARTLAND, HABITAT, HARVEST AND HORTICULTURE ACT OF 2008 (P.L. 110-246) AND THE HOUSING ASSISTANCE TAX ACT OF 2008 (P.L. 110-289)~~ that are retroactively effective during taxable years beginning from and after December 31, 2004 through December 31, 2005.

~~E.~~ F. For purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2003 through December 31, 2004, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2004, including those provisions that became effective during 2003 with the specific adoption of all federal retroactive effective dates and including those provisions of the working families tax relief act of 2004 (P.L. 108-311), the American jobs creation act of 2004 (P.L. 108-357), the Katrina emergency tax relief act of 2005 (P.L. 109-73), the energy tax incentives act of 2005 (title XIII of the energy policy act of 2005 (P.L. 109-58)), the gulf opportunity zone act of 2005 (P.L. 109-135), ~~and~~ the tax technical corrections act of 2007 (P.L. 110-172) ~~AND THE HEARTLAND, HABITAT, HARVEST AND HORTICULTURE ACT OF 2008 (P.L. 110-246)~~ that are retroactively effective during taxable years beginning from and after December 31, 2003 through December 31, 2004.

~~F.~~ G. For purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2002 through December 31, 2003, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2003, including those provisions that became effective during 2002 with the specific adoption of all federal retroactive effective dates and including those provisions of the working families tax relief act of 2004 (P.L. 108-311), the American jobs creation act of 2004 (P.L. 108-357), the jobs and growth tax relief reconciliation act of 2003 (P.L. 108-27), the military family tax relief act of 2003 (P.L. 108-121), the medicare prescription drug, improvement, and

1 modernization act of 2003 (P.L. 108-173), ~~and~~ the tax technical corrections  
2 act of 2007 (P.L. 110-172) ~~AND THE HEARTLAND, HABITAT, HARVEST AND~~  
3 ~~HORTICULTURE ACT OF 2008 (P.L. 110-246)~~ that are retroactively effective  
4 during taxable years beginning from and after December 31, 2002 through  
5 December 31, 2003.

6 ~~G.~~ H. For purposes of computing income tax pursuant to this title,  
7 for taxable years beginning from and after December 31, 2001 through December  
8 31, 2002, "internal revenue code" means the United States internal revenue  
9 code of 1986, as amended, in effect on March 9, 2002, including those  
10 provisions that became effective during 2001 with the specific adoption of  
11 all federal retroactive effective dates and including those provisions of the  
12 working families tax relief act of 2004 (P.L. 108-311), the American jobs  
13 creation act of 2004 (P.L. 108-357), the jobs and growth tax relief  
14 reconciliation act of 2003 (P.L. 108-27), the military family tax relief act  
15 of 2003 (P.L. 108-121), ~~and~~ the tax technical corrections act of 2007  
16 (P.L. 110-172) ~~AND THE HEARTLAND, HABITAT, HARVEST AND HORTICULTURE ACT OF~~  
17 ~~2008 (P.L. 110-246)~~ that are retroactively effective during taxable years  
18 beginning from and after December 31, 2001 through December 31, 2002.

19 ~~H.~~ I. For purposes of computing income tax pursuant to this title,  
20 for taxable years beginning from and after December 31, 2000 through December  
21 31, 2001, "internal revenue code" means the United States internal revenue  
22 code of 1986, as amended, in effect on January 1, 2001, including those  
23 provisions that became effective during 2000 with the specific adoption of  
24 all federal retroactive effective dates and including those provisions of the  
25 working families tax relief act of 2004 (P.L. 108-311), the American jobs  
26 creation act of 2004 (P.L. 108-357), the economic growth and tax relief  
27 reconciliation act of 2001 (P.L. 107-16), the job creation and worker  
28 assistance act of 2002 (P.L. 107-147), the military family tax relief act of  
29 2003 (P.L. 108-121) and the tax technical corrections act of 2007  
30 (P.L. 110-172) that are retroactively effective during taxable years  
31 beginning from and after December 31, 2000 through December 31, 2001.

32 ~~I.~~ J. For purposes of computing income tax pursuant to this title,  
33 for taxable years beginning from and after December 31, 1999 through December  
34 31, 2000, "internal revenue code" means the United States internal revenue  
35 code of 1986, as amended, in effect on January 1, 2000, including those  
36 provisions that became effective during 1999 with the specific adoption of  
37 all federal retroactive effective dates and including those provisions of the  
38 community renewal tax relief act of 2000 (P.L. 106-554), the installment tax

1 correction act of 2000 (P.L. 106-573), FSC repeal and extraterritorial income  
2 exclusion act of 2000 (P.L. 106-519), the trade and development act of 2000  
3 (P.L. 106-200), the economic growth and tax relief reconciliation act of 2001  
4 (P.L. 107-16), the job creation and worker assistance act of 2002  
5 (P.L. 107-147) and the military family tax relief act of 2003 (P.L. 108-121)  
6 that are retroactively effective during taxable years beginning from and  
7 after December 31, 1999 through December 31, 2000.

8 ~~J.~~ K. For purposes of computing income tax pursuant to this title,  
9 for taxable years beginning from and after December 31, 1998 through December  
10 31, 1999, "internal revenue code" means the United States internal revenue  
11 code of 1986, as amended, in effect on January 1, 1999, including those  
12 provisions that became effective during 1998 with the specific adoption of  
13 all federal retroactive effective dates and including those provisions of the  
14 miscellaneous trade and technical corrections act of 1999 (P.L. 106-36), the  
15 ticket to work and work incentives improvement act of 1999 (P.L. 106-170),  
16 the community renewal tax relief act of 2000 (P.L. 106-554), the installment  
17 tax correction act of 2000 (P.L. 106-573) and the military family tax relief  
18 act of 2003 (P.L. 108-121) that are retroactively effective during taxable  
19 years beginning from and after December 31, 1998 through December 31, 1999.

20 ~~K. For purposes of computing income tax pursuant to this title, for~~  
21 ~~taxable years beginning from and after December 31, 1997 through December 31,~~  
22 ~~1998, "internal revenue code" means the United States internal revenue code~~  
23 ~~of 1986, as amended, in effect on January 1, 1998, including those provisions~~  
24 ~~that became effective during 1997 with the specific adoption of all federal~~  
25 ~~retroactive effective dates and including those provisions of the IRS~~  
26 ~~restructuring and reform act of 1998 (P.L. 105-206), the tax and trade relief~~  
27 ~~extension act of 1998 (P.L. 105-277), the surface transportation revenue act~~  
28 ~~of 1998 (P.L. 105-178), the miscellaneous trade and technical corrections act~~  
29 ~~of 1999 (P.L. 106-36) and the military family tax relief act of 2003~~  
30 ~~(P.L. 108-121) that are retroactively effective during the taxable years~~  
31 ~~beginning from and after December 31, 1997 through December 31, 1998.~~

32 Sec. 3. Section 43-401, Arizona Revised Statutes, is amended to read:

33 43-401. Withholding tax: rates: election by employee

34 A. Except as provided by subsection B of this section, every employer  
35 at the time of the payment of wages, salary, bonus or other emolument to any  
36 employee whose compensation is for services performed within this state shall  
37 deduct and retain from the compensation an amount **THAT IS DETERMINED BY THE**  
38 **DEPARTMENT PURSUANT TO SUBSECTION D OF THIS SECTION OR THAT IS** equal to a

percentage, determined pursuant to subsection C of this section, of the total amount of the federal income tax deducted and withheld by an employer from the total value of such wages, bonus or other emolument of an employee under the provisions of the United States internal revenue code computed without deductions for any amount withheld.

B. An employer may voluntarily elect to not withhold tax during December by notifying:

1. The department on a form prescribed by the department.
2. The employer's employees in writing in a manner prescribed by the department.

C. The percentage deducted and retained under subsection A of this section:

1. THROUGH APRIL 30, 2009 shall be:

~~1.~~ (a) If the employee's annual compensation is less than fifteen thousand dollars, ten per cent, nineteen per cent, twenty-three per cent, twenty-five per cent, thirty-one per cent or thirty-seven per cent, at the employee's election pursuant to subsection ~~F~~ G of this section.

~~2.~~ (b) If the employee's annual compensation is fifteen thousand dollars or more, nineteen per cent, twenty-three per cent, twenty-five per cent, thirty-one per cent or thirty-seven per cent, at the employee's election pursuant to subsection ~~F~~ G of this section.

~~3.~~ (c) Zero per cent at the election of an employee who had no state income tax liability in the prior taxable year and expects to have no state income tax liability for the current taxable year.

2. BEGINNING FROM AND AFTER APRIL 30, 2009 THROUGH DECEMBER 31, 2009, IF AN EMPLOYEE'S RATE OF WITHHOLDING UNDER PARAGRAPH 1 OF THIS SUBSECTION IMMEDIATELY BEFORE MAY 1, 2009 WAS:

(a) ZERO PER CENT AT THE ELECTION OF AN EMPLOYEE WHO HAD NO STATE INCOME TAX LIABILITY IN THE PRIOR TAXABLE YEAR AND EXPECTS TO HAVE NO STATE INCOME TAX LIABILITY FOR THE CURRENT TAXABLE YEAR, THE WITHHOLDING TAX RATE SHALL REMAIN ZERO PER CENT.

(b) TEN PER CENT, THE WITHHOLDING TAX RATE SHALL BE INCREASED TO 11.5 PER CENT.

(c) NINETEEN PER CENT, THE WITHHOLDING TAX RATE SHALL BE INCREASED TO 21.9 PER CENT.

(d) TWENTY-THREE PER CENT, THE WITHHOLDING TAX RATE SHALL BE INCREASED TO 26.5 PER CENT.

1 (e) TWENTY-FIVE PER CENT, THE WITHHOLDING TAX RATE SHALL BE INCREASED  
2 TO 28.8 PER CENT.

3 (f) THIRTY-ONE PER CENT, THE WITHHOLDING TAX RATE SHALL BE INCREASED  
4 TO 35.7 PER CENT.

5 (g) THIRTY-SEVEN PER CENT, THE WITHHOLDING TAX RATE SHALL BE INCREASED  
6 TO 42.6 PER CENT.

7 3. BEGINNING FROM AND AFTER DECEMBER 31, 2009 THROUGH JUNE 30, 2010,  
8 IF AN EMPLOYEE'S RATE OF WITHHOLDING UNDER PARAGRAPH 2 OF THIS SUBSECTION  
9 IMMEDIATELY BEFORE JANUARY 1, 2010 WAS:

10 (a) ZERO PER CENT AT THE ELECTION OF AN EMPLOYEE WHO HAD NO STATE  
11 INCOME TAX LIABILITY IN THE PRIOR TAXABLE YEAR AND EXPECTS TO HAVE NO STATE  
12 INCOME TAX LIABILITY FOR THE CURRENT TAXABLE YEAR, THE WITHHOLDING TAX RATE  
13 SHALL REMAIN ZERO PER CENT.

14 (b) 11.5 PER CENT, THE WITHHOLDING TAX RATE SHALL BE DECREASED TO 10.7  
15 PER CENT.

16 (c) 21.9 PER CENT, THE WITHHOLDING TAX RATE SHALL BE DECREASED TO 20.3  
17 PER CENT.

18 (d) 26.5 PER CENT, THE WITHHOLDING TAX RATE SHALL BE DECREASED TO 24.5  
19 PER CENT.

20 (e) 28.8 PER CENT, THE WITHHOLDING TAX RATE SHALL BE DECREASED TO 26.7  
21 PER CENT.

22 (f) 35.7 PER CENT, THE WITHHOLDING TAX RATE SHALL BE DECREASED TO 33.1  
23 PER CENT.

24 (g) 42.6 PER CENT, THE WITHHOLDING TAX RATE SHALL BE DECREASED TO 39.5  
25 PER CENT.

26 D. BEGINNING FROM AND AFTER JUNE 30, 2010, THE AMOUNT DEDUCTED AND  
27 RETAINED UNDER SUBSECTION A OF THIS SECTION SHALL BE PRESCRIBED BY TABLES  
28 ADOPTED BY THE DEPARTMENT. ON OR BEFORE MARCH 15, 2010, THE DEPARTMENT SHALL  
29 SUBMIT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE A COPY OF THE TABLE.

30 ~~D.~~ E. If the amount collected and payable by the employer to the  
31 department in each of the preceding four calendar quarters did not exceed an  
32 average of one thousand five hundred dollars, the amount collected shall be  
33 paid to the department on or before April 30, July 31, October 31 and January  
34 31 for the preceding calendar quarter. If such amount exceeded one thousand  
35 five hundred dollars in each of the preceding four calendar quarters, the  
36 employer shall pay to the department the amount the employer deducts and  
37 retains pursuant to this section at the same time as the employer is required  
38 to make deposits of federal tax pursuant to section 6302 of the internal

1 revenue code. On or before April 30, July 31, October 31 and January 31 each  
2 year the employer shall reconcile the amounts payable during the preceding  
3 calendar quarter in a manner prescribed by the department, except that if the  
4 full amount collected and payable is paid timely to the department under this  
5 subsection, the employer may reconcile the amounts on or before May 10,  
6 August 10, November 10 and February 10 each year. The department by rule may  
7 allow and determine which employers qualify for annual payments of  
8 withholding taxes, with an annual report by the employer pursuant to section  
9 43-412, subsection B, if the qualifying employer has established sufficient  
10 payment history to indicate that the employer is current and in good standing  
11 pursuant to standards established by rule. For any business which has not  
12 had a withholding certificate for the four preceding consecutive quarters,  
13 the quarterly average shall be computed in a manner prescribed by the  
14 department.

15 ~~F.~~ F. If an employer fails to make a timely monthly payment because  
16 prior to that reporting period it reported on a quarterly basis instead of on  
17 a monthly basis, the department shall notify the employer that it is out of  
18 compliance with this section. Notwithstanding section 42-1125, the  
19 department shall not assess a penalty against an employer for failing to make  
20 a timely monthly payment if the employer had filed and remitted all taxes due  
21 on a quarterly basis and brings all filings and payments into current  
22 compliance within thirty days after being notified by the department.

23 ~~F.~~ G. Each employee shall elect the amount authorized by subsection C  
24 of this section to be withheld for application toward the employee's state  
25 income tax liability. The election provided under this subsection shall be  
26 exercised by each employee, in writing on a form prescribed by the  
27 department. The election shall be made within five days of employment. Each  
28 employer shall notify the employees of the election made available under this  
29 subsection and shall have election forms available at all times. Each form  
30 shall be completed in triplicate, with one copy each for the department, the  
31 employer and the employee. The employer shall file a copy of each completed  
32 form with the department. Any employee failing to complete an election form  
33 as prescribed shall be deemed to have elected the smallest applicable  
34 withholding percentage.

35 ~~G.~~ H. Before October 1, 2005 and before July 1 each year thereafter,  
36 each employer who chooses to not withhold tax pursuant to subsection B of  
37 this section shall notify each employee that:



1           1. State income taxes will not be withheld from compensation in  
2 December.

3           2. The employee may elect to change the rate of withholding tax  
4 prescribed by this section to compensate for the resulting change in annual  
5 withholdings from the employee's compensation.

6           Sec. 4. Section 43-403, Arizona Revised Statutes, is amended to read:  
7 43-403. Employment excluded from withholding

8           A. No amount shall be deducted or retained from:

9           1. Wages or salary paid to an employee of a common carrier when such  
10 employee is a nonresident of this state as defined in section 43-104 and  
11 regularly performs services both within and without this state.

12           2. Wages paid for domestic service in a private home.

13           3. Wages paid for casual labor not in the course of the employer's  
14 trade or business.

15           4. Wages paid to part-time or seasonal employees whose services to the  
16 employer consist solely of labor in connection with the planting,  
17 cultivating, harvesting or field packing of seasonal agricultural crops,  
18 except such employees whose principal duties are operating any  
19 mechanically-driven device in such operations.

20           5. Wages or salary paid to a nonresident of this state who is:

21           (a) An employee of an individual, fiduciary, partnership, corporation  
22 or limited liability company having property, payroll and sales in this  
23 state, or of a related entity having more than fifty per cent direct or  
24 indirect common ownership.

25           (b) Physically present in this state for less than sixty days in a  
26 calendar year for the purpose of performing a service that will benefit the  
27 employer or the related entity. For purposes of determining the number of  
28 days of service in this state, days spent in the following activities are not  
29 included:

30           (i) In transit.

31           (ii) Engaging in personal activities.

32           (iii) Participating in training or professional development activities  
33 or attending meetings that are not directly connected to the Arizona  
34 operations of the employer or the related entity.

35           B. In addition to the exemptions from the withholding provisions  
36 contained in subsection A of this section, because of the temporary nature of  
37 such employment, no amount shall be deducted or retained from wages paid to a  
38 nonresident of this state engaged in any phase of motion picture production

1 when, prior to the time of payment of such wages, an application is made by  
2 the employer to the department, on forms prescribed by the department, for an  
3 exemption from the withholding provisions of this section and the department  
4 determines that the nonresident would be allowed a credit under section  
5 43-1096 against all of the taxes upon such wages imposed by this chapter.

6 C. Subsection A, paragraph 5 of this section does not apply to a  
7 nonresident employee who is in this state solely for athletic or  
8 entertainment purposes.

9 D. Notwithstanding subsection A, paragraph 5 of this section:

10 1. The nonresident employee may elect to have withholding deducted in  
11 the manner prescribed by section 43-401, subsection ~~F~~ G and the employer  
12 shall withhold tax pursuant to that election.

13 2. The employer may elect to withhold tax from the nonresident  
14 employee before the sixty day limitation has elapsed.

15 Sec. 5. Section 43-404, Arizona Revised Statutes, is amended to read:

16 43-404. Extension of withholding to military retirement pensions  
17 and to other annuities; definition

18 A. For the purposes of this title, any payment of an amount as retired  
19 or retainer pay for service in the military or naval forces of the United  
20 States, or payments received under the United States civil service retirement  
21 system from the United States government service retirement and disability  
22 fund, if at the time the payment is made a request by the individual that  
23 such pay be subject to withholding under this section is in effect, shall be  
24 treated as if it were a payment of wages by an employer to an employee for a  
25 payroll period. In addition, a payment of any other annuity to an  
26 individual, if at the time the payment is made a request by the individual  
27 that such annuity be subject to withholding under this section is in effect,  
28 shall be treated as if it were a payment of wages by an employer to an  
29 employee for a payroll period.

30 B. A request that retired or retainer pay or an annuity be subject to  
31 withholding under this section shall be made by the payee in writing to the  
32 person making the annuity payments and shall be accompanied by a form,  
33 prescribed by the department, executed in accordance with section 43-401,  
34 subsection ~~F~~ G. Such a request may be terminated by furnishing to the  
35 person making the payment a written statement of termination.

36 C. For ~~THE~~ purposes of this section, "annuity" means any amount paid  
37 to an individual as a pension or annuity, but only to the extent that the  
38 amount is includible in the Arizona gross income of such individual.

1           Sec. 6. Section 43-412, Arizona Revised Statutes, is amended to read:

2           43-412. Returns of withholding to be filed with department

3           A. Every employer at the time of filing a reconciliation pursuant to  
4 section 43-401, subsection ~~D~~ E shall deliver to the department a return in  
5 the form prescribed by the department showing the total amount of wages,  
6 salaries, bonuses or other emoluments paid to employees, the amount deducted  
7 pursuant to this chapter and such other information as the department may  
8 require. The employer shall advise the employee of the amount of monies  
9 withheld, in accordance with such rules as the department may prescribe,  
10 using printed forms furnished by the department for such purposes or, when  
11 requested by the employer, upon forms approved by the department.

12           B. The employer shall make an annual return for the calendar year to  
13 the department on forms provided by it summarizing the total compensation  
14 paid and the tax withheld for each employee during the calendar year and  
15 shall file such return with the department on or before February 28 of the  
16 year following the year for which the report is made. The department may  
17 extend the filing deadline on a showing of good cause by the employer. The  
18 return required by this section shall contain or be verified by a written  
19 declaration that it is made under the penalties of perjury.

20           Sec. 7. Emergency

21           This act is an emergency measure that is necessary to preserve the  
22 public peace, health or safety and is operative immediately as provided by  
23 law."

24 Amend title to conform

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