

Congress of the United States

Washington, DC 20515

November 22, 2024

The Honorable Mike Johnson
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Hakeem Jeffries
Democratic Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Johnson and Leader Jeffries:

We write to encourage you to bring H.R. 8016, our bipartisan legislation excluding the one-time Arizona Families Tax Rebate Program from federal income tax, to the floor for a vote this year.

Last year in Arizona, the Republican-controlled legislature passed, and the Democratic Governor signed into law a one-time tax rebate to help families grapple with specific state-level challenges, such as rising costs for groceries, housing, and transportation. An estimated 750,000 Arizona families received rebates up to \$750.

The state legislature crafted the Arizona Families Tax Rebate after the Internal Revenue Service (IRS) issued a guidance statement (IRS News Release IR-2023-23) in February 2023, deeming certain tax rebates enacted by twenty-one states to be exempt from federal income tax for most taxpayers. The IRS specified that rebate disbursements designated "for the promotion of the general welfare or as a disaster relief payment... may be excludable from income for federal tax purposes under the General Welfare Doctrine or as a Qualified Disaster Relief Payment."

This rebate was intended for eligible families who claimed a dependent in 2021 for up to \$750 per taxpayer. Additionally, the funds for the program originated from a budget surplus due to responsible budgeting. The rebate was distributed as a return of tax payments, comparable to a refund—not new income earned by hardworking taxpayers. The rebate was constructed in good faith with reasonably available information and tailored to aid taxpayers with children and dependents, establishing a need among those taxpayers who claimed the rebate.

Recently, a U.S. District Court Judge dismissed the state's Attorney General's lawsuit attempting to block the IRS from taxing the rebates, arguing that Arizona families were not entitled to the same exemption in other states because our state did not explicitly cite the pandemic but instead mentioned inflation. Twenty-one different states successfully pursued exclusions from federal taxation with similar rebates.

However, Arizona families have not been afforded the same relief that residents in other states have. The inconsistent treatment of state rebate programs undermines the integrity of the tax system writ large while encroaching on a state's ability to address the unique economic conditions of its residents.

Ahead of the holiday season, Congress has the power to right this wrong and grant Arizona families financial relief. We encourage you to take up H.R. 8016, our bipartisan legislation, to clarify that the Arizona Families Tax Rebate should not be considered gross income and, therefore, not taxed.

Thank you for your prompt attention to this matter.

Sincerely,



Greg Stanton
Member of Congress



David Schweikert
Member of Congress



Juan Ciscomani
Member of Congress