

## NOTICES OF PROPOSED RULEMAKING

Unless exempted by A.R.S. § 41-1005, each agency shall begin the rulemaking process by first submitting to the Secretary of State's Office a Notice of Rulemaking Docket Opening followed by a Notice of Proposed Rulemaking that contains the preamble and the full text of the rules. The Secretary of State's Office publishes each Notice in the next available issue of the *Register* according to the schedule of deadlines for *Register* publication. Under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.), an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for making, amending, or repealing any rule. (A.R.S. §§ 41-1013 and 41-1022)

### NOTICE OF PROPOSED RULEMAKING

#### TITLE 12. NATURAL RESOURCES

#### CHAPTER 4. GAME AND FISH COMMISSION

[R06-323]

#### PREAMBLE

**1. Sections Affected**

R12-4-102  
R12-4-203

**Rulemaking Action**

Amend  
Amend

**2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**

Authorizing statute: A.R.S. § 17-231

Implementing statute: A.R.S. § 17-333

**3. A list of all previous notices appearing in the Register addressing the proposed rule:**

Notice of Rulemaking Docket Opening: 12 A.A.R. 2577, July 21, 2006

Notice of Proposed Rulemaking: 12 A.A.R. 2558, July 21, 2006

Notice of Termination of Rulemaking: 12 A.A.R. 3241, September 8, 2006

Notice of Rulemaking Docket Opening: 12 A.A.R. 3242, September 8, 2006

**4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

Name: Carlos Ramírez, Rulewriter

Address: Arizona Game and Fish Department  
2221 W. Greenway Rd. DORR  
Phoenix, AZ 85023-4399

Telephone: (602) 789-3288

Fax: (602) 789-3677

**5. An explanation of the rule, including the agency's reasons for initiating the rule:**

Amendments made to A.R.S. § 17-333 during the 2005 legislative session established new licenses and gave the Commission the authority to prescribe new licenses and accompanying fees for the purposes of wildlife management. The Commission amended its rules earlier this year to implement these statutory changes, but this rulemaking will implement additional necessary changes.

Although statute prescribes the wildlife privileges given under the Class L license, the statute directs the Commission to prescribe the stamps and tags for the Classes M and N licenses. As authorized under A.R.S. § 17-333, purchase of a Class M super conservation hunting license provides the license holder with the same privileges as a Class G general hunting license. Purchase of a Class N super conservation hunting and fishing license provides the license holder with the same privileges as a Class F combination hunting and fishing license and a Class U urban fishing license. The privileges of the Class M and N super conservation licenses also include nonpermit-tags for archery deer, archery turkey, fall bear, and mountain lion, the Unit 12A (North Kaibab) Habitat stamp, the Arizona state migratory bird

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stamp, and the Arizona migratory waterfowl stamp. Additional nonsubstantive amendments will be made to clearly state the privileges given under statute by purchasing a Class L super conservation fishing license.

Amendments will also be made to correct the fee for a Class I family fishing license prescribed during the previous rulemaking and to clarify the privileges of a Class C and D fishing license. The surcharge authorized under A.R.S. § 17-345 was mistakenly applied to the Class I license twice. The Department proposes to amend the fee for the Classes C and D licenses to clearly state that any additional days purchased for this license must be consecutive.

The Department proposes to amend the rule further by reducing the fee for Class A nonresident general fishing license from \$88.00 to \$70.25. In the Department's previous rulemaking, it charged the maximum fee for the license, plus the \$3.00 surcharge authorized under A.R.S. § 17-345. The Department's intent was to increase the Class A fee by adding 50% of the difference between the statutory fee cap recently amended in statute (\$85.00) and the previous statutory cap (\$49.50), plus the \$3.00 surcharge authorized under A.R.S. § 17-345. The resulting fee would be \$70.25. The Department also wishes to further correct its fees by amending the fee for a fur dealer license. The current fee is \$115.50 and will be amended to \$115.00, reducing it by fifty cents.

The Department will also amend the rule to create new Class F combination hunting and fishing licenses and Class G general hunting licenses for children ages ten to thirteen. When the Department last amended this rule, it authorized the Class J family hunting license and the Class K family combination hunting and fishing license. Under these licenses, a parent could obtain a license for their child, age ten to thirteen, for an additional fee. The Department wishes to be consistent by creating hunting licenses and combination hunting and fishing licenses for this age group that are not dependent on parental purchase. Under the authority granted under A.R.S. § 17-333(B), the Game and Fish Commission has the authority to establish subclassifications within a class of license, permit, or tag and set a fee for those subclasses. The resident and nonresident Child Class F license for children age ten to thirteen will cost \$20.00 and the resident and nonresident Child Class G license for children age ten to thirteen will cost \$15.00.

The Department proposes to amend the list of hunt permit-tags to include pheasant. The fee will be clarified as well as clarification that a hunt permit-tag is not necessary for those hunting pheasant using archery or falconry.

Minor amendments will also be made to the list of stamps for which duplicates are not issued. The list will be amended to include the two-pole stamp, stamps for additional fishing days issued under the Class C and D licenses for both residents and nonresidents, and the Unit 12A (North Kaibab) Habitat Management Stamp.

The Department will also amend R12-4-203 principally to support the amendments made to R12-4-102. The Department will amend subsections (A)(1) to require possession of a current valid federal waterfowl stamp, as mandated by federal regulation for the take of ducks, geese, or swans. Both subsections (A)(1) and (2) will be amended to clearly state that a Class M or N super conservation license includes a state waterfowl stamp and a state migratory bird stamp. The Department will also delete blue grouse from the rule, because it is no longer necessary to obtain species information through the harvest information program. Both state and federal wildlife agencies have alternative, more effective means of gathering wildlife data on the species. Also, blue grouse is considered to be an upland game bird, not waterfowl nor migratory.

**6. A reference to any study relevant to the rule that the agency reviewed and either proposes to rely on or not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**

The agency did not rely on any study in its evaluation of or justification for the proposed rule.

**7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable

**8. The preliminary summary of the economic, small business, and consumer impact:**

The Department anticipates that the proposed rulemaking will benefit the general public by clearly establishing the privileges given by purchasing a Class L, M, or N super conservation license. The proposed rulemaking will also benefit purchasers by giving them more opportunities to enjoy the state's wildlife resources. By giving purchasers more opportunities, hunters will help the Department more closely meet its management objectives for species for which nonpermit-tags are issued, such as bear or mountain lion. The Department will have to address administrative costs for documenting the sale of migratory bird and waterfowl stamps. However, purchase of a super conservation license will save the consumer \$32 for a Class M license, and \$43.00 for a Class N over purchasing all the tags and stamps separately. Amendments regarding the Class L license will not create significant impact. The amendments regarding the Class C, D, and I licenses will also not create a significant impact. Until the rulemaking becomes effective, the Department is pursuing additional means outside of rulemaking to ensure that the appropriate amount is charged to the regulated community. Reducing the fees for the Class A fishing nonresident license and the fur dealer license will ensure the correct amount is charged to the public. Prescribing new fees for Class F and G child licenses will benefit those eligible to purchase it, because they will not have to pay the youth or adult prices for the same privilege. This will result in a savings of \$6.50 for the resident Class F license and \$136.25 for the Class G license. Amendments made to clarify the list of items for which duplicates are not issued, amendments made to the privileges given by receiving a sandhill crane or pheasant hunt permit-tag, and the amendments to R12-4-203 will not affect the general

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public. The proposed rulemaking will not affect other agencies or businesses, or public or private employment. The Department has determined there are no alternate means of achieving the objective of the proposed rulemaking.

**9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

Name: Carlos Ramirez, Rulewriter  
Address: Arizona Game and Fish Department  
2221 W. Greenway Rd. DORR  
Phoenix, AZ 85023  
Telephone: (602) 789-3288  
Fax: (602) 789-3677

**10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

Written comments will be accepted until 30 days after this notice is published. Public hearings to discuss this proposal will be held as follows:

Date: October 21-22, 2006  
Time: TBD  
Location: Hilton Garden Inn  
4000 N. Central Ave.  
Phoenix, AZ 85012

The Arizona Game and Fish Commission follows Title II of the Americans with Disabilities Act. The Commission does not discriminate against persons with disabilities who wish to make oral or written comments on proposed rulemaking or otherwise participate in the public comment process. Individuals with disabilities who need a reasonable accommodation (including auxiliary aids or services) to participate in the public comment process, or who require this information in an alternate form, may contact Dustin McKissen at (602) 789-3288 (Voice); (800) 367-8939 (TDD); 2221 W. Greenway Rd., Phoenix, AZ 85023-4399. Requests should be made as soon as possible so that the Arizona Game and Fish Department will have sufficient time to respond.

**11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

Not applicable

**12. Incorporations by reference and their location in the rules:**

Not applicable

**13. The full text of the rules follows:**

**TITLE 12. NATURAL RESOURCES**

**CHAPTER 4. GAME AND FISH COMMISSION**

**ARTICLE 1. DEFINITIONS AND GENERAL PROVISIONS**

Section

R12-4-102. Fees for Licenses, Tags, Stamps, and Permits

R12-4-203. National Harvest Information Program (HIP); State Waterfowl and Migratory Bird Stamp

**ARTICLE 1. DEFINITIONS AND GENERAL PROVISIONS**

**R12-4-102. Fees for Licenses, Tags, Stamps, and Permits**

An individual who purchases a license, tag, stamp, or permit listed in this Section shall pay all applicable fees at the time of application, or pay fees as prescribed by the Director under R12-4-115.

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		<b>Fees effective for licenses, tags, stamps, and permits to be used beginning in 2007</b>
<b>Hunting and Fishing License Fees</b>		
<b>Class A, General Fishing License</b>		
• Resident	\$18.00	\$23.50
• Nonresident	\$51.50	<del>\$88.00</del> <u>\$70.25</u>
Under A.R.S. § 17-333(A)(1), the fee for this license issued in November or December of the year for which the license is valid is half price; that includes half of the surcharge prescribed as authorized by A.R.S. § 17-345.		
<b>Class B, Four-month Fishing License</b>		
• Nonresident	\$37.50	\$39.75
<b>Class C, Five-day Fishing License</b>		
• Nonresident	\$26.00	\$32.00 + \$9.00 for each additional <u>consecutive</u> day
<b>Class D, One-day Fishing License</b>		
• Resident	\$12.50	\$16.25 + \$8.00 for each additional <u>consecutive</u> day
• Nonresident		\$17.25 + 9.00 for each additional <u>consecutive</u> day
<b>Class E, Colorado River Only Fishing License</b>		
• Nonresident	\$42.50	\$48.75
<b>Class F, Combination Hunting and Fishing License</b>		
• Resident Adult	\$44.00	\$54.00
• Nonresident Adult	\$177.50	\$225.75
• Resident or Nonresident Youth. Fee applies before and through the calendar year of the applicant's 20th birthday.	\$25.50	\$26.50
• <u>Resident or Nonresident Child. Fee applies to children who will be at least 10 years of age during the license year but will be less than 14 years of age.</u>		<u>\$20.00</u>
<b>Class G, General Hunting License</b>		
• Resident	\$25.50	\$32.25
• Nonresident	\$113.50	\$151.25
• <u>Resident or Nonresident Child. Fee applies to children who will be at least 10 years of age during the license year but will be less than 14 years of age.</u>		<u>\$15.00</u>

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<b>Class H, Three-day Hunting License</b>		
• Nonresident	\$51.50	\$61.25
• Resident Youth Group Two-day Fishing License	\$25.00	\$25.00
<b>Class I, Resident Family Fishing License</b>		
• For primary adult	\$28.50	<del>\$39.25</del> <u>\$36.25</u>
• For one additional adult in the immediate family, as prescribed in A.R.S. § 17-333	+ \$22.80	+ <del>\$31.40</del> <u>\$29.00</u>
• For any child in the immediate family, as prescribed in A.R.S. § 17-333	+ \$2.00 per child	+ \$2.00 per child
<b>Class J Resident Family Hunting License</b>		
• For primary adult		\$32.25
• For one additional adult in the immediate family, as prescribed in A.R.S. § 17-333		+25.80
• For any child in the immediate family, as prescribed in A.R.S. § 17-333		+\$15.00 per child
<b>Class K Combination Resident Family Hunting and Fishing License</b>		
• For primary adult		\$54.00
• For one additional adult in the immediate family, as prescribed in A.R.S. § 17-333		+\$43.20
• For any child in the immediate family, as prescribed in A.R.S. § 17-333		+\$20.00 per child
<b>Class L Super Conservation Fishing License, Gives the same privileges as a Class A General Fishing License, a Class U urban fishing license, and a trout stamp.</b>		
• Resident		\$53.00
• Nonresident		\$63.00
<b>Class M Super Conservation Hunting License, Gives the same privileges as a Class G General Hunting License, and includes a nonpermit-tag for archery deer, archery turkey, fall bear, and mountain lion, and a Unit 12A (North Kaibab) Habitat Management Stamp, a State Waterfowl Stamp, and a State Migratory Bird Stamp.</b>		
• Resident		\$118.00

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<p><b>Class N Combination Super Conservation Hunting and Fishing License.</b> <u>Gives the same privileges as a Class F Combination Hunting and Fishing License and a Class U Urban Fishing License, and includes a nonpermit-tag for archery deer, archery turkey, fall bear, and mountain lion, and a Unit 12A (North Kaibab) Habitat Management Stamp, a State Waterfowl Stamp, a State Migratory Bird Stamp, and a trout stamp.</u></p> <ul style="list-style-type: none"> <li>• Resident</li> </ul>		\$163.00
<p><b>Class U, Urban Fishing License</b></p> <ul style="list-style-type: none"> <li>• Resident or Nonresident</li> </ul> <p><u>The fee for this license issued in November or December of the year for which the license is valid is half price. That includes half the surcharge prescribed as authorized by A.R.S. § 17-345.</u></p>	\$16.00	\$18.50
<b>Hunt Permit-tag Fees</b>		
<p>Antelope</p> <ul style="list-style-type: none"> <li>• Resident</li> <li>• Nonresident</li> </ul>	\$65.00 \$325.00	\$77.50 \$477.50
<p>Bear</p> <ul style="list-style-type: none"> <li>• Resident</li> <li>• Nonresident</li> </ul>	\$14.50 \$200.00	\$22.25 \$237.50
<p>Bighorn Sheep</p> <ul style="list-style-type: none"> <li>• Resident</li> <li>• Nonresident</li> </ul>	\$195.00 \$1,000.00	\$265.00 \$1,400.00
<p>Buffalo</p> <ul style="list-style-type: none"> <li>• Adult Bulls or Any Buffalo                             <ul style="list-style-type: none"> <li>• Resident</li> <li>• Nonresident</li> </ul> </li> <li>• Adult Cows                             <ul style="list-style-type: none"> <li>• Resident</li> <li>• Nonresident</li> </ul> </li> </ul>	\$750.00 \$3,750.00 \$450.00 \$2,250.00	\$1,087.50 \$5,444.75 \$652.00 \$3,255.25
<ul style="list-style-type: none"> <li>• Yearling                             <ul style="list-style-type: none"> <li>• Resident</li> <li>• Nonresident</li> </ul> </li> </ul>	\$240.00 \$1,200.00	\$355.25 \$1,747.25
<ul style="list-style-type: none"> <li>• Yearling or Cow                             <ul style="list-style-type: none"> <li>• Resident</li> </ul> </li> </ul>	\$450.00	\$652.00

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• Nonresident	\$2,250.00	\$3,255.25
Deer and Archery Deer		
• Resident	\$19.50	\$34.75
• Nonresident	\$125.50	\$225.25
• Junior, resident and nonresident		\$25.00
Elk		
• Resident	\$78.00	\$114.00
• Nonresident	\$400.00	\$587.50
• Junior, resident and nonresident		\$50.00
Javelina and Archery Javelina		
• Resident	\$12.50	\$21.25
• Nonresident	\$70.00	\$97.50
• Junior, resident and nonresident		\$15.00
Mountain Lion		
• Resident	\$10.00	\$14.50
• Nonresident	\$200.00	\$225.00
<u>Pheasant</u>		
• <u>Resident and nonresident, non-archery, non-falconry</u>		<u>Permit application fee only</u>
Turkey and Archery Turkey		
• Resident	\$11.00	\$18.00
• Nonresident	\$50.50	\$70.25
• Junior, resident and nonresident		\$10.00
Sandhill Crane		
• Resident or Nonresident	\$5.00	\$7.50
<b>Nonpermit-tag and Restricted Nonpermit-tag Fees</b>		
Antelope		
• Resident	\$65.00	\$77.50
• Nonresident	\$325.00	\$477.50
Bear		
• Resident	\$14.50	\$22.25
• Nonresident	\$200.00	\$237.50
Bighorn Sheep		
• Resident	\$195.00	\$265.00

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• Nonresident	\$1,000.00	\$1,400.00
Buffalo		
• Adult Bulls or Any Buffalo		
• Resident	\$750.00	\$1,087.50
• Nonresident	\$3,750.00	\$5,444.75
• Adult Cows		
• Resident	\$450.00	\$652.00
• Nonresident	\$2,250.00	\$3,255.25
• Yearling		
• Resident	\$240.00	\$355.25
• Nonresident	\$1,200.00	\$1,747.25
• Yearling or Cow		
• Resident	\$450.00	\$652.00
• Nonresident	\$2,250.00	\$3,255.25
Deer and Archery Deer		
• Resident	\$19.50	\$34.75
• Nonresident	\$125.50	\$225.25
• Junior, resident and nonresident		\$25.00
Elk		
• Resident	\$78.00	\$114.00
• Nonresident	\$400.00	\$587.50
• Junior, resident and nonresident		\$50.00
Javelina and Archery Javelina		
• Resident	\$12.50	\$21.25
• Nonresident	\$70.00	\$97.50
• Junior, resident and nonresident		\$15.00
Mountain Lion		
• Resident	\$10.00	\$14.50
• Nonresident	\$200.00	\$225.00
Turkey and Archery Turkey		
• Resident	\$11.00	\$18.00
• Nonresident	\$50.50	\$70.25
• Junior, resident and nonresident		\$10.00

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Sandhill Crane • Resident or Nonresident	\$5.00	\$7.50
<b>Stamps and Special Use Permit Fees</b>		
Arizona Colorado River Special Use Permit Stamp. For use by California fishing license holders, resident or nonresident.	\$3.00	\$3.00
Arizona Colorado River Special Use Permit Stamp. For use as prescribed by R12-4-312.	\$3.00	\$3.00
Arizona Lake Powell Stamp. For use by resident Utah licensees.	\$3.00	\$3.00
Bobcat Permit Tag. For resident or nonresident.	\$2.00	\$3.00
State Waterfowl Stamp, <u>as prescribed in A.R.S. § 17-333.01, resident or nonresident.</u> Validates a hunting license to allow the license holder to take waterfowl as prescribed in R12-4-203.	\$7.50	\$8.75
State Migratory Bird Stamp, as prescribed in A.R.S. § 17-333.03, resident or nonresident. Validates a hunting license to allow the license holder to take migratory game birds as prescribed in R12-4-203.	\$3.00	\$4.50
Trout Stamp. Validates a Class A license to allow the license holder to take trout. • Resident • Nonresident	\$10.50 \$49.50	\$15.75 \$57.75
Two-Pole Stamp, resident or nonresident. Validates a fishing license to allow the license holder to engage in simultaneous fishing, as defined in R12-4-101.	The fee for a two-pole stamp shall be \$4.00 until September 1, 2006. Afterwards, the fee shall be \$5.00.	\$6.00
Unit 12A (North Kaibab) Habitat Management Stamp, resident or nonresident. Sikes Act Stamp, validates a hunting license to allow the license holder to take deer in unit 12A as prescribed by R12-4-204.	\$15.00	\$15.00
<b>Other License Fees</b>		
Game Bird Field Trial License	\$5.00	\$6.00
Game Bird Hobby License	\$5.00	\$5.00
Game Bird Shooting Preserve License	\$100.00	\$115.00
Fur Dealer's License	\$100.00	<del>\$115.50</del> <u>\$115.00</u>
Guide License • Resident or Nonresident	\$100.00	\$300.00

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License Dealer's License	\$75.00	\$100.00
License Dealer's Outlet License	\$25.00	\$25.00
Live Bait Dealer's License	\$30.00	\$35.00
Private Game Farm License	\$40.00	\$57.50
Sport Falconry License (3-year license)	\$75.00	\$87.50
Taxidermist License	\$50.00	\$150.00
Trapping License		
• Resident	\$10.00	\$30.00
• Nonresident	\$50.00	\$275.00
• Resident Juvenile	\$10.00	\$10.00
White Amur Stocking and Holding License		
• Non-business. Under R12-4-424, an individual that holds a non-business white amur stocking and holding license does not pay the required fee if renewing the license.	\$200.00	\$250.00
• Business	\$200.00	\$250.00
Zoo License	\$100.00	\$115.00
<b>Administrative Fees</b>		
Duplicate Fee. Duplicates are not issued for Trout Stamps, Arizona Colorado River Special Use Permits, Arizona Colorado River Special Use Permit Stamps, Arizona Lake Powell Stamps, State Migratory Bird Stamps, <del>or</del> State Waterfowl Stamps, <u>Two-Pole Stamps, Resident Additional Fishing Day Stamps, Nonresident Additional Fishing Day Stamps, and the Unit 12A (North Kaibab) Habitat Management Stamps.</u>	\$3.00	\$4.00
Permit Application Fee.	\$5.00	\$7.50

**R12-4-203. National Harvest Information Program (HIP); State Waterfowl and Migratory Bird Stamp**

- A. An individual who takes ducks, geese, swans, doves, band-tailed pigeons, snipe, coots, or common moorhen, ~~or blue grouse~~ in Arizona shall participate in the National Harvest Information Program.
1. If the individual is taking ducks, geese, or swans, the individual shall possess an Arizona state waterfowl stamp, as prescribed in R12-4-101, and a current valid federal stamp that accompanies a valid Arizona hunting license. The state waterfowl stamp expires on June 30 of each year, except for stamps purchased under a Class M and N licenses, which expire December 31 of each year.
  2. If the individual is taking doves, band-tailed pigeons, snipe, coots, or common moorhen, ~~or blue grouse~~, the individual shall possess an Arizona state migratory bird stamp that accompanies a valid state hunting license as prescribed in R12-4-101. The state migratory bird stamp expires on June 30 of each year, except for stamps purchased under a Class M and N licenses, which expire December 31 of each year.
- B. The Department shall make state waterfowl stamps and state migratory bird stamps available annually.

1. To obtain a state waterfowl stamp or state migratory bird stamp, an individual shall pay the required fee and submit a completed ~~HP~~ waterfowl or state migratory bird registration form to a license dealer or a Department office. The individual shall provide on the ~~HP~~ waterfowl or state migratory bird registration form the individual's name, home mailing address, date of birth, and information on past and anticipated hunting activity.
2. A license dealer shall submit ~~HP~~ waterfowl or state migratory bird registration forms for all state waterfowl stamps and state migratory bird stamps sold with the monthly report required by A.R.S. § 17-338.

## NOTICE OF PROPOSED RULEMAKING

### TITLE 15. REVENUE

#### CHAPTER 5. DEPARTMENT OF REVENUE TRANSACTION PRIVILEGE AND USE TAX SECTION

[R06-306]

#### PREAMBLE

- 1. Sections Affected**  
R15-5-1102
- Rulemaking Action**  
Amend
- 2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**  
Authorizing statute: A.R.S. § 42-1005  
Implementing statute: A.R.S. § 42-5066
- 3. A list of all previous notices appearing in the Register addressing the proposed rule:**  
Notice of Rulemaking Docket Opening: 12 A.A.R. 3196, September 1, 2006
- 4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**  
Name: Hsin Pai, Tax Analyst  
Address: Tax Policy and Research Division  
Arizona Department of Revenue  
1600 W. Monroe, Room 810  
Phoenix, AZ 85007  
Telephone: (602) 716-6851  
Fax: (602) 716-7995  
E-mail: hpai@azdor.gov  
Please visit the ADOR web site to track the progress of these rules and other agency rulemaking matters at [www.azdor.gov/ResearchStats/Proposedrulesmainmenu.htm](http://www.azdor.gov/ResearchStats/Proposedrulesmainmenu.htm).
- 5. An explanation of the rule, including the agency's reasons for initiating the rule:**  
In the December 30, 2005, issue of the *Arizona Administrative Register*, the Department explained in its Notice of Final Rulemaking for rules addressing the job printing classification for transaction privilege tax that "A.R.S. § 42-5066, which addresses the job printing classification does not provide an exemption for gross income derived from . . . charges for shipping and handling; consequently, an administrative rule cannot provide for such an exemption." 11 Ariz. Admin. Reg. 5493, 5500. Subsequent to the promulgation of this administrative rule, the Legislature amended A.R.S. § 42-5066, effective September 21, 2006, to provide a specific deduction in the job printing classification for postage and freight charges. See 2006 Ariz. Sess. Laws 105 § 1 (approved by Governor Janet Napolitano on April 12, 2006). Consequently, the Department is amending its administrative rule on a printer's sale of printing to account for the new exemption.
- 6. A reference to any study relevant to the rule that the agency reviewed and either proposes to rely on or not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**  
None
- 7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**  
Not applicable

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**8. The preliminary summary of the economic, small business, and consumer impact:**

This rulemaking is a necessary step toward amending a rule that fails to account for a statutory change, thereby providing clear and understandable guidance to interested parties and the general public on a new transaction privilege tax exemption.

**9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

Name: Christie Comanita, Manager  
Address: Tax Policy and Research Division  
Arizona Department of Revenue  
1600 W. Monroe, Room 810  
Phoenix, AZ 85007  
Telephone: (602) 716-6791  
Fax: (602) 716-7995  
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**10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

No oral proceeding is scheduled. Under A.R.S. § 41-1023(C), an oral proceeding will be scheduled if a written request is submitted to the person identified in item #4 within 30 days after publication of this notice.

**11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

None

**12. Incorporations by reference and their location in the rules:**

None

**13. The full text of the rules follows:**

TITLE 15. REVENUE

CHAPTER 5. DEPARTMENT OF REVENUE  
TRANSACTION PRIVILEGE AND USE TAX SECTION

ARTICLE 11. TRANSACTION PRIVILEGE TAX – JOB PRINTING CLASSIFICATION

Section

R15-5-1102. Printer's Sale of Printing

ARTICLE 11. TRANSACTION PRIVILEGE TAX – JOB PRINTING CLASSIFICATION

**R15-5-1102. Printer's Sale of Printing**

- A. ~~Gross~~ Except as provided in subsection (F), gross income or gross proceeds derived from all of a printer's costs or expenses of filling a customer's printing order are subject to tax under this Article. Examples of costs or expenses include charges for set-up, die cutting, embossing, folding, and binding operations.
- B. Gross income or gross proceeds derived from an Arizona printer's sale of printing within Arizona are subject to tax even when the printer conducts the job printing, engraving, embossing, or copying activity outside the state, unless the printing is shipped or delivered outside the state for use outside the state.
- C. If a printer ships or delivers printing to be used outside the state to a common carrier for transportation to a location outside the state, the common carrier is deemed to be the agent of the printer for purposes of determining whether the printing has been shipped or delivered outside the state, regardless of who is responsible for payment of the freight charges.
- D. A printer may substantiate a shipment or delivery of printing outside the state by one of the following records:
1. An internal delivery order that is supported by receipts for expenses incurred in delivery of printing and signed on the delivery date by the person who delivers the printing;
  2. A common carrier's receipt or bill of lading;
  3. A parcel post receipt;
  4. An export declaration;
  5. A receipt from a licensed broker; or

6. Proof of export or import, signed by a customs officer.
- E.** ~~Gross~~ Except as provided in subsection (F), gross income or gross proceeds derived from an Arizona printer's charges for the distribution of printing are generally subject to tax under this Article. In the absence of documentation listed in subsection (D), it remains the taxpayer's burden to substantiate that the gross income or gross proceeds derived from a sale of printing are not taxable because the printing is shipped or delivered outside the state for use outside the state, pursuant to A.R.S. § 42-5066(B)(2). A printer substantiates that printing is shipped or delivered outside the state for use outside the state if the printer shows that the address or number to which the printer distributes the printing does not identify or is incapable of identifying an in-state location.
- F.** A printer may deduct its gross income or gross proceeds derived from charges for postage and freight if the printer separately states the charges on a customer's invoice and in the printer's records, except that the amount deducted shall not exceed the amount paid by the printer to the United States Postal Service or a commercial delivery service. A printer may not deduct its gross income or gross proceeds from charges for delivery of the printing made in the printer's own conveyance.