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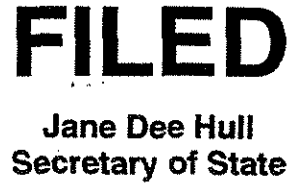
House Engrossed



State of Arizona
House of Representatives
Forty-second Legislature
Second Regular Session
1996

CHAPTER 99

HOUSE BILL 2339

AN ACT

AMENDING SECTION 42-1453, ARIZONA REVISED STATUTES; RELATING TO MUNICIPAL TRANSACTION PRIVILEGE AND USE TAXES.

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 42-1453, Arizona Revised Statutes, is amended to read:

42-1453. Exemption from municipal tax; retroactivity

A. A city, town or special taxing district shall not levy a transaction privilege, sales, use or other similar tax on:

1. Exhibition events in this state sponsored, conducted or operated by a nonprofit organization that is exempt from taxation under section 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code if the organization is associated with a major league baseball team or a national touring professional golfing association and no part of the organization's net earnings inures to the benefit of any private shareholder or individual.

2. Interstate telecommunications services, which include that portion of telecommunications services, such as subscriber line service, allocable by federal law to interstate telecommunications service.

3. SALES OF WARRANTY OR SERVICE CONTRACTS.

4. SALES OF MOTOR VEHICLES TO NONRESIDENTS OF THIS STATE FOR USE OUTSIDE THIS STATE IF THE VENDOR SHIPS OR DELIVERS THE MOTOR VEHICLE TO A DESTINATION OUTSIDE THIS STATE.

5. INTEREST ON FINANCE CONTRACTS.

6. DEALER DOCUMENTATION FEES ON THE SALES OF MOTOR VEHICLES.

B. A city, town or other taxing jurisdiction shall not levy a transaction privilege, sales, use, franchise or other similar tax or fee, however denominated, on:

1. Natural gas or liquefied petroleum gas used to propel a motor vehicle.

2. Any business activity conducted at or tangible personal property purchased, leased or rented by any qualified theme park, themed amusement park or other nonathletic entertainment facility that is subject to taxation under section 42-1581.

C. A city, town or other taxing jurisdiction shall not levy a transaction privilege, sales, gross receipts, use, franchise or other similar tax or fee, however denominated, on gross proceeds of sales or gross income derived from any of the following:

1. A motor carrier's use on the public highways in this state if the motor carrier is subject to tax under title 28, chapter 9, article 6.

2. A person's use of a lightweight motor vehicle on the public highways in this state if such person is subject to tax under title 28, chapter 9, article 6.

3. Leasing, renting or licensing a motor vehicle, including lightweight motor vehicles, subject to and upon which the tax has been paid under title 28, chapter 9, article 6.

4. The sale of a motor vehicle and any repair and replacement parts and tangible personal property becoming a part of such motor vehicle, to a licensed motor carrier or a lightweight motor vehicle operator who is subject to tax under title 28, chapter 9, article 6 and who is engaged in the business of leasing, renting or licensing such property.

D. From and after January 1, 1994, a city, town or other taxing jurisdiction shall not levy a transaction privilege, sales, use, franchise or other similar tax or fee, however denominated, in excess of one-tenth of one per cent of the value of the entire product mined, smelted, extracted, refined, produced or prepared for sale, profit or commercial use, on persons engaged in the business of mineral processing, except to the extent that the tax is computed on the gross proceeds or gross income from sales at retail.

E. IN COMPUTING THE TAX BASE, ANY CITY, TOWN OR OTHER TAXING JURISDICTION SHALL NOT INCLUDE IN THE GROSS PROCEEDS OF SALES OR GROSS INCOME A MANUFACTURER'S CASH REBATE ON THE SALES PRICE OF A MOTOR VEHICLE IF THE BUYER ASSIGNS THE BUYER'S RIGHT IN THE REBATE TO THE RETAILER.

APPROVED BY THE GOVERNOR APRIL 5, 1996

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 8, 1996