House Engrossed Senate Bill

State of Arizona
Senate
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 234

SENATE BILL 1141

AN ACT

AMENDING SECTION 42-5010, ARIZONA REVISED STATUTES; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 42-5010, Arizona Revised Statutes, is amended to read:

42-5010. Rates; distribution base

A. The tax imposed by this article is levied and shall be collected at the following rates:

1. Five per cent of the tax base as computed for the business of every person engaging or continuing in this state in the following business classifications described in article 2 of this chapter:

(a) Transporting classification.
(b) Utilities classification.
(c) Telecommunications classification.
(d) Pipeline classification.
(e) Private car line classification.
(f) Publication classification.
(g) Job printing classification.
(h) Prime contracting classification.
(i) Owner builder sales classification.
(j) Amusement classification.
(k) Restaurant classification.
(l) Personal property rental classification.
(m) Retail classification.
(n) Membership camping classification.

2. Five and one-half per cent of the tax base as computed for the business of every person engaging or continuing in this state in the transient lodging classification described in section 42-5070.

3. Three and one-eighth per cent of the tax base as computed for the business of every person engaging or continuing in this state in the mining classification described in section 42-5072.

4. Zero per cent of the tax base as computed for the business of every person engaging or continuing in this state in the commercial lease classification described in section 42-5069.

B. Twenty per cent of the tax revenues collected at the rate prescribed by subsection A, paragraph 1 of this section from persons on account of engaging in business under the business classifications listed in subsection A, paragraph 1, subdivisions (a) through (i) of this section is designated as distribution base for purposes of section 42-5029.

C. Forty per cent of the tax revenues collected at the rate prescribed by subsection A, paragraph 1 of this section from persons on account of engaging in business under the business classifications listed in subsection A, paragraph 1, subdivisions (j) through (n) of this section is designated as distribution base for purposes of section 42-5029.

D. Thirty-two per cent of the tax revenues collected from persons on account of engaging in business under the business classification listed in subsection A, paragraph 3 of this section is designated as distribution base for purposes of section 42-5029.

E. Fifty-three and one-third per cent of the tax revenues collected from persons on account of engaging in business under the business ~~classifications~~ CLASSIFICATION listed in subsection A, paragraph 4 of this section is designated as distribution base for purposes of section 42-5029.

F. Fifty per cent of the tax revenues collected from persons on account of engaging in business under the business classification listed in subsection A, paragraph 2 of this section is designated as distribution base for purposes of section 42-5029.

G. In addition to the rates prescribed by subsection A of this section, if approved by the qualified electors voting at a statewide general election, an additional rate increment is imposed and shall be collected through June 30, 2021. The taxpayer shall pay taxes pursuant to this subsection at the same time and in the same manner as under subsection A of this section. The department shall separately account for the revenues collected with respect to the rates imposed pursuant to this subsection and the state treasurer shall distribute all of those revenues in the manner prescribed by section 42-5029, subsection E. The rates imposed pursuant to this subsection shall not be considered local revenues for purposes of article IX, section 21, Constitution of Arizona. The additional tax rate increment is levied at the rate of six-tenths of one per cent of the tax base of every person engaging or continuing in this state in a business classification listed in subsection A, paragraph 1 of this section.

H. Any increase in the rate of tax that is imposed by this chapter and that is enacted by the legislature or by a vote of the people does not apply with respect to contracts entered into by prime contractors or pursuant to written bids made by prime contractors on or before the effective date of the legislation or the date of the election enacting the increase. To qualify for the exemption under this subsection, the prime contractor must maintain sufficient documentation, in a manner and form prescribed by the department, to verify the date of the contract or written bid.

I. FOR TAXPAYERS TAXABLE UNDER THIS CHAPTER OTHER THAN PRIME CONTRACTORS TAXABLE PURSUANT TO SECTION 42-5075:

1. ANY INCREASE IN THE RATE OF TAX THAT IS LEVIED BY THIS ARTICLE OR ARTICLE 2 OF THIS CHAPTER ENACTED BY THE LEGISLATURE OR BY A VOTE OF THE PEOPLE DOES NOT APPLY FOR A PERIOD OF ONE HUNDRED TWENTY DAYS FROM THE DATE OF THE TAX RATE INCREASE TO THE GROSS PROCEEDS OF SALES OR GROSS INCOME FROM THE BUSINESS OF THE TAXPAYER WITH RESPECT TO WRITTEN CONTRACTS ENTERED INTO BEFORE THE EFFECTIVE DATE OF THE TAX RATE INCREASE UNLESS THE TAXPAYER HAS ENTERED INTO A CONTRACT THAT CONTAINS A PROVISION THAT ENTITLES THE TAXPAYER TO RECOVER FROM THE PURCHASER THE AMOUNT OF THE ADDITIONAL TAX LEVIED.

1 2. THE PROVISIONS OF THIS SUBSECTION APPLY WITHOUT REGARD TO THE
2 ACCOUNTING METHOD USED BY THE TAXPAYER TO REPORT THE TAXES IMPOSED UNDER
3 ARTICLE 2 OF THIS CHAPTER.
4 3. THE PROVISIONS OF THIS SUBSECTION SHALL NOT BE CONSIDERED IN
5 DETERMINING THE RATE OF TAX IMPOSED UNDER CHAPTER 6, ARTICLE 3 OF THIS TITLE.

APPROVED BY THE GOVERNOR MAY 14, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 14, 2004.

Passed the House May 3, 2004,

by the following vote: 52 Ayes,

0 Nays, 8 Not Voting

Speaker of the House

Pro Tempore

Norman L. Moore

Chief Clerk of the House

Passed the Senate February 23, 2004,

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

Ken Bennett

President of the Senate

Christina Billington

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20_____,

at _____ o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

S.B. 1141

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SENATE CONCURS IN HOUSE AMENDMENTS AND FINAL PASSAGE

Passed the Senate May 10, 2004,

by the following vote: 27 Ayes,

0 Nays, 3 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA OFFICE OF GOVERNOR

This Bill was received by the Governor this

10th day of May, 2004,

at 3:14 o'clock P. M.

Jennifer Ybarra
Secretary to the Governor

Approved this 14 day of

May, 2004,

at 1:50 o'clock P. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 14 day of May, 2004,

at 3:17 o'clock P. M.

Janice K. Brewer
Secretary of State

S.B. 1141