

House Engrossed Senate Bill

State of Arizona
Senate
Forty-seventh Legislature
First Regular Session
2005

CHAPTER 200

SENATE BILL 1274

AN ACT

AMENDING SECTION 9-500.11, ARIZONA REVISED STATUTES; RELATING TO CITIES AND TOWNS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 9-500.11, Arizona Revised Statutes, is amended to
3 read:

4 9-500.11. Expenditures for economic development; requirements;
5 definitions

6 A. In addition to any other powers granted to a city or town, the
7 governing body of a city or town may appropriate and spend public monies for
8 and in connection with economic development activities.

9 B. To fund economic development activities under this section, a city
10 or town subject to the requirements of section 9-500.06 shall not impose a
11 new fee or tax on a single specific industry or type of business.

12 C. NOTWITHSTANDING SECTION 19-142, SUBSECTION B, A DECISION BY THE
13 GOVERNING BODY INVOLVING AN EXPENDITURE PURSUANT TO THIS SECTION SHALL NOT BE
14 ENACTED AS AN EMERGENCY MEASURE AND THAT DECISION IS NOT EFFECTIVE FOR AT
15 LEAST THIRTY DAYS AFTER FINAL APPROVAL OF THE EXPENDITURE.

16 D. BEFORE ENTERING INTO A RETAIL DEVELOPMENT TAX INCENTIVE AGREEMENT,
17 A CITY OR TOWN SHALL MAKE A FINDING BY A SIMPLE MAJORITY VOTE OF THE
18 GOVERNING BODY WITHOUT THE USE OF CONSENT CALENDAR THAT INCLUDES BOTH OF THE
19 FOLLOWING:

20 1. THAT THE PROPOSED TAX INCENTIVE IS ANTICIPATED TO RAISE MORE
21 REVENUE THAN THE AMOUNT OF THE INCENTIVE WITHIN THE DURATION OF THE
22 AGREEMENT.

23 2. THAT IN THE ABSENCE OF A TAX INCENTIVE, THE RETAIL BUSINESS
24 FACILITY OR SIMILAR RETAIL BUSINESS FACILITY WOULD NOT LOCATE IN THE CITY OR
25 TOWN IN THE SAME TIME, PLACE OR MANNER.

26 E. A CITY OR TOWN LOCATED IN OR WITHIN TWENTY-FIVE MILES OF THE
27 EXTERIOR BOUNDARY OF A METROPOLITAN STATISTICAL AREA HAVING A POPULATION OF
28 MORE THAN TWO MILLION PERSONS SHALL MAKE A FINDING PURSUANT TO SUBSECTION D
29 OF THIS SECTION, BY A TWO-THIRDS VOTE OF THE GOVERNING BODY.

30 F. A CITY OR TOWN SHALL NOT ENTER INTO A RETAIL TAX INCENTIVE
31 AGREEMENT IF THE PROPOSED TAX INCENTIVE RAISES LESS REVENUE THAN THE AMOUNT
32 OF THE INCENTIVE.

33 G. A CITY OR TOWN SHALL PRESENT A STATUS REPORT OF THE REVENUES AND
34 EXPENSES ASSOCIATED WITH THE TAX INCENTIVE EVERY TWO YEARS FOR THE DURATION
35 OF THE AGREEMENT IN A PUBLIC MEETING.

36 H. THE FINDING MADE PURSUANT TO SUBSECTION D, PARAGRAPH 1 OF THIS
37 SECTION SHALL BE VERIFIED BY AN INDEPENDENT THIRD PARTY BEFORE THE CITY OR
38 TOWN ENTERS INTO THE RETAIL DEVELOPMENT INCENTIVE AGREEMENT.

39 I. THE ADOPTION OF THE RETAIL DEVELOPMENT TAX INCENTIVE AGREEMENT
40 SHALL BE APPROVED BY A SIMPLE MAJORITY VOTE OF THE GOVERNING BODY WITHOUT THE
41 USE OF CONSENT CALENDAR. FOR A CITY OR TOWN LOCATED IN OR WITHIN TWENTY-FIVE
42 MILES OF THE EXTERIOR BOUNDARY OF A METROPOLITAN STATISTICAL AREA HAVING A
43 POPULATION OF MORE THAN TWO MILLION PERSONS, THE ADOPTION OF A RETAIL

1 DEVELOPMENT TAX INCENTIVE AGREEMENT SHALL BE APPROVED BY AN AFFIRMATIVE VOTE
2 OF AT LEAST TWO-THIRDS OF THE GOVERNING BODY WITHOUT THE USE OF CONSENT
3 CALENDAR.

4 J. A PERSON OR BUSINESS ENTITY RECEIVING THE RETAIL DEVELOPMENT TAX
5 INCENTIVE AGREEMENT SHALL NOT FINANCE THE INDEPENDENT THIRD PARTY
6 VERIFICATION OF THE FINDINGS OR HAVE INPUT INTO THE SELECTION OF THE
7 INDEPENDENT THIRD PARTY VERIFYING THE FINDINGS.

8 K. A CITY OR TOWN SHALL ADOPT A NOTICE OF INTENT TO ENTER INTO A
9 RETAIL DEVELOPMENT TAX INCENTIVE AGREEMENT AT LEAST FOURTEEN DAYS BEFORE
10 APPROVING A RETAIL DEVELOPMENT TAX INCENTIVE AGREEMENT.

11 L. SUBSECTION D OF THIS SECTION DOES NOT APPLY TO TAX INCENTIVES GIVEN
12 TO A BUSINESS ENTITY IN AN AREA THAT IS DESIGNATED BY A CITY OR TOWN AS A
13 REDEVELOPMENT PROJECT AS DEFINED IN SECTION 36-1471.

14 ~~C.~~ M. For the purposes of this section: —

15 1. "Economic development activities" means any project, assistance,
16 undertaking, program or study, whether within or outside the boundaries of
17 the city or town, including acquisition, improvement, REDEVELOPMENT, leasing
18 or conveyance of IMPROVED OR UNIMPROVED real or personal property or other
19 activity, that the governing body of the city or town has found and
20 determined will assist in the creation or retention of jobs or will otherwise
21 improve or enhance the economic welfare of the inhabitants of the city or
22 town.

23 2. "EXPENDITURE" INCLUDES ANY WAIVER, EXEMPTION, DEDUCTION, CREDIT,
24 REBATE, DISCOUNT, DEFERRAL OR OTHER ABATEMENT OR REDUCTION OF THE NORMAL
25 MUNICIPAL TAX LIABILITY THAT OTHERWISE APPLIES TO SIMILAR EXISTING BUSINESS
26 ENTITIES AND PROPERTIES IN THAT CITY OR TOWN, HOWEVER DENOMINATED, COMPUTED
27 OR APPLIED, AND THAT IS GENERALLY UNDERSTOOD AS AN INDUCEMENT TO LOCATE A
28 BUSINESS FACILITY OR OTHER OPERATION IN THE CITY OR TOWN.

29 3. "METROPOLITAN STATISTICAL AREA" MEANS A GEOGRAPHICAL AREA
30 CONSISTING OF CITIES, TOWNS AND OTHER POPULATED AREAS DEFINED FOR FEDERAL
31 STATISTICAL AND CENSUS PURPOSES BY THE UNITED STATES OFFICE OF MANAGEMENT AND
32 BUDGET WITH TECHNICAL ASSISTANCE FROM THE UNITED STATES BUREAU OF THE CENSUS.

33 4. "RETAIL" MEANS THE SALE OF TANGIBLE PERSONAL PROPERTY, EXCEPT THE
34 SALE OF TANGIBLE PERSONAL PROPERTY TO A PERSON WHO IS ENGAGED IN THE BUSINESS
35 OF SELLING SUCH PROPERTY.

36 5. "RETAIL DEVELOPMENT ACTIVITIES" MEANS THOSE ECONOMIC DEVELOPMENT
37 ACTIVITIES THAT INVOLVE THE ACQUISITION, IMPROVEMENT, LEASING OR CONVEYANCE
38 OF IMPROVED OR UNIMPROVED REAL OR PERSONAL PROPERTY OR OTHER ACTIVITY TO
39 FACILITATE THE SALE OF GOODS AT RETAIL, INCLUDING THE SALE OF AUTOMOBILES, OR
40 TO FACILITATE OTHER ACTIVITIES, INCLUDING THEATRE AND RESTAURANT DEVELOPMENT,
41 THAT GENERATE REVENUES THAT ARE SUBJECT TO MUNICIPAL TRANSACTION PRIVILEGE
42 TAXATION.

1 6. "RETAIL DEVELOPMENT TAX INCENTIVE AGREEMENT" MEANS AN AGREEMENT
2 BETWEEN A CITY OR TOWN AND A PERSON ENGAGED IN OR PLANNING TO ENGAGE IN
3 RETAIL DEVELOPMENT ACTIVITIES WITHIN THAT CITY OR TOWN IN WHICH THE CITY OR
4 TOWN AGREES TO PAY, REFUND, CREDIT, REBATE OR OTHERWISE PROVIDE TO THAT
5 PERSON ALL OR A PORTION OF THE SALES, USE OR TRANSACTION PRIVILEGE TAXES
6 PAYABLE TO THAT CITY OR TOWN IN CONNECTION WITH THE CONSTRUCTION, DEVELOPMENT
7 OR OPERATION OF THE RETAIL DEVELOPMENT ACTIVITIES.

APPROVED BY THE GOVERNOR APRIL 25, 2005.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 25, 2005.

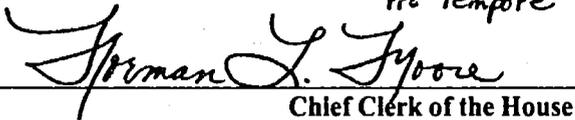
Passed the House April 12, 20 05,

by the following vote: 35 Ayes,

24 Nays, 1 Not Voting



Speaker of the House
Pro Tempore


Chief Clerk of the House

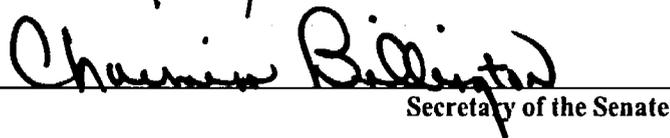
Passed the Senate March 8, 20 05,

by the following vote: 22 Ayes,

6 Nays, 2 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

_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

Governor of Arizona

S.B. 1274

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

SENATE CONCURS IN HOUSE AMENDMENTS
AND FINAL PASSAGE

Passed the Senate April 19, 2005,

by the following vote: 20 Ayes,

8 Nays, 2 Not Voting

Ken Bennett
President of the Senate
Chamin Bellingard
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

19th day of April, 2005

at 3:41 o'clock P. M.

Nennifer Ibarra
Secretary to the Governor

Approved this 25 day of

April, 2005,

at 9:50 o'clock A. M.

Jan Brewer
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 25 day of April, 2005,

at 4:33 o'clock P. M.

Janice K. Brewer
Secretary of State

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