

House Engrossed Senate Bill

**FILED**

**KEN BENNETT  
SECRETARY OF STATE**

State of Arizona  
Senate  
Fifty-first Legislature  
Second Regular Session  
2014

CHAPTER 121

# **SENATE BILL 1331**

AN ACT

AMENDING SECTION 42-6053, ARIZONA REVISED STATUTES; RELATING TO THE MODEL  
CITY TAX CODE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-6053, Arizona Revised Statutes, is amended to  
3 read:

4 42-6053. Official copy of model city tax code; review and  
5 comment on proposed changes

6 A. The department of revenue shall:

7 1. Maintain the official copy of the model city tax code.

8 2. Post the official copy on the department's official website.

9 B. At least sixty days before adopting any modification or amendment  
10 of the model city tax code a city or town shall submit the proposed  
11 modification or amendment to the municipal tax code commission for review and  
12 recommendation.

13 C. The commission shall review and comment on language submitted by  
14 any city, town or taxpayer for the purpose of describing, defining, deleting,  
15 adding or otherwise modifying taxable activities, exemptions, administrative  
16 procedures or regulations relating to the model city tax code. The  
17 commission may hold public hearings within thirty days after receiving a  
18 proposed amendment or modification for the purpose of reviewing and receiving  
19 comments on the proposed changes, shall consider any information and  
20 testimony presented at the hearing, may require changes to the language  
21 presented at the hearing and may require changes to the language presented by  
22 the city or town or taxpayer. All changes to the model city tax code must be  
23 reflected in the official copy on file with the department of revenue within  
24 ten days after the commission's approval. ANY CHANGES NOT REFLECTED IN THE  
25 OFFICIAL COPY ON FILE WITH THE DEPARTMENT OF REVENUE ARE VOID AND HAVE NO  
26 EFFECT.

27 D. Changes to the model city tax code approved by the commission shall  
28 be adopted by all cities and towns. This requirement shall not be construed  
29 to prohibit the commission from recommending a model or local option or  
30 changes to a model or local option contained in the model city tax code to be  
31 adopted only by those cities and towns choosing the option or from approving  
32 a change submitted by a city or town that does not apply to any other city or  
33 town. The city or town shall not adopt a modification or amendment of any  
34 provision of the model city tax code unless it has been approved by the  
35 commission.

36 E. Changes in rates of tax are not subject to review, but within ten  
37 days after passage of the ordinance imposing a rate change:

38 1. The city or town imposing a new or different tax rate shall notify  
39 the commission and the department of revenue. FOR THE PURPOSES OF THIS  
40 SUBSECTION, A "NEW OR DIFFERENT TAX RATE" MEANS THE ADOPTION OR REPEAL OF A  
41 MODEL OR LOCAL OPTION OR ANY CHANGE THAT INCREASES THE AMOUNT OF TAX A  
42 TAXPAYER MUST PAY TO A CITY OR TOWN. FAILURE OF A CITY OR TOWN TO NOTIFY THE  
43 COMMISSION AND, BEGINNING JULY 1, 2012, THE DEPARTMENT OF REVENUE RENDERS THE  
44 NEW OR DIFFERENT TAX RATE VOID AND HAS NO EFFECT.

1           2. The change must be reflected in the official copy of the model city  
2 tax code. ANY CHANGE NOT REFLECTED IN THE OFFICIAL COPY OF THE MODEL CITY  
3 TAX CODE IS VOID AND HAS NO EFFECT.

4           Sec. 2. Declaration of intent

5           It is the intent of the legislature in amending the provisions of  
6 section 42-6053, Arizona Revised Statutes, as specified in this act to  
7 clarify that a tax rate change subject to the notice requirement of section  
8 42-5063, subsection E, paragraph 1, Arizona Revised Statutes, includes the  
9 adoption of a model or local option or any change that increases the amount  
10 of tax a taxpayer must pay to a city or town and that the failure of a city  
11 or town to report such a change to the municipal tax code commission or, for  
12 periods beginning July 1, 2012, to the Arizona department of revenue renders  
13 such a change invalid.

14          Sec. 3. Retroactivity; refund

15          A. Section 42-6053, Arizona Revised Statutes, as amended by this act,  
16 applies retroactively to taxable periods beginning from and after July 1,  
17 1988.

18          B. Any claim for refund of transaction privilege tax paid based on the  
19 retroactive application of section 42-6053, Arizona Revised Statutes, as  
20 amended by this act, must be submitted pursuant to section 42-1118, Arizona  
21 Revised Statutes, to the department of revenue or the appropriate city on or  
22 before December 31, 2014. Failure to file a claim on or before December 31,  
23 2014 constitutes a waiver of the claim for refund under this section.

24          C. The burden is on the taxpayer to establish by competent evidence  
25 the amount of any such refund claim. The department of revenue shall:

26           1. Review all timely filed claims.

27           2. Determine, on audit if necessary, the correct amount of each claim.

28           3. Notify the taxpayer of its determination. The notice is final  
29 unless the taxpayer appeals in the manner provided in section 42-1119,  
30 Arizona Revised Statutes.

31          D. Notwithstanding section 42-1119, Arizona Revised Statutes, the  
32 department of revenue or appropriate city shall not make a refund until after  
33 the determination of the amount of all refund claims filed pursuant to this  
34 section. If a taxpayer appeals the department's determination, the  
35 department pursuant to the rules protecting confidentiality under title 42,  
36 chapter 2, article 1, Arizona Revised Statutes, may notify other taxpayers  
37 who have filed claims under this section as to the nature and extent of the  
38 delay.

39          E. The total amount of refunds issued under this section shall not be  
40 more than ten thousand dollars. If the total amount of refundable claims  
41 filed under this section is more than ten thousand dollars, the department  
42 shall reduce each claim proportionately so that the total amount of refunds  
43 is not more than ten thousand dollars.

44          F. Interest shall not be allowed or compounded on a refund paid before  
45 July 1, 2015. Unpaid refund amounts from and after June 30, 2015, shall  
46 accrue interest under section 42-1123, Arizona Revised Statutes.

~~APPROVED BY THE GOVERNOR APRIL 22, 2014.~~

Passed the House April 15, 20 14,

Passed the Senate February 24, 20 14,

by the following vote: 41 Ayes,

by the following vote: 27 Ayes,

19 Nays, 0 Not Voting

2 Nays, 1 Not Voting

[Signature]  
Speaker of the House

[Signature]  
President of the Senate

Cheryl Laube  
Chief Clerk of the House

Charmain Bellington  
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. 1331

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 16, 2014

by the following vote: 25 Ayes,

4 Nays, 1 Not Voting

[Signature]  
President of the Senate

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

17 day of April, 2014

at 8:20 o'clock A M.

[Signature]  
Secretary to the Governor

Approved this 22<sup>nd</sup> day of

April

at 4:10 o'clock P M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 23<sup>rd</sup> day of April, 2014

at 9:40 o'clock a M.

[Signature]  
Secretary of State

S.B. 1331