

## Historical Tax Law Changes Jet Fuel Excise and Use Tax

**Laws 1991, Chapter 224** eliminated the Transaction Privilege Tax and Use Tax on jet fuel and replaced it with a 3.05¢ per gallon Jet Fuel Excise and Use Tax. A credit is allowed in the amount of tax paid to another state if the amount paid was less than the tax imposed in Arizona. The tax is administered in the same manner as the Transaction Privilege Tax. Forty percent of the excise tax collected is designated as the Distribution Base and 60% is credited to the state General Fund. All of the jet fuel use tax is credited to the state General Fund. Counties and certain districts were also given the authority to levy a jet fuel tax at specified rates. (Effective From and After September 30, 1991)

**Laws 1992, Chapter 221** phased out the Jet Fuel Excise and Use Tax on purchases of jet fuel over 10 million gallons in a calendar year:

- (1) From July 1, 1992 to June 30, 1993, the rate is 2.05¢ per gallon over 10 million gallons.
- (2) From July 1, 1993 to June 30, 1994, the rate is 1.05¢ per gallon over 10 million gallons.
- (3) From July 1, 1994 and thereafter, there shall be no tax over 10 million gallons.

The first 10 million gallons will continue to be taxed at 3.05¢ per gallon. Also, jet fuel used on commercial international flights originating in Arizona is now exempted from these taxes. (Effective Retroactively to Taxable Years Beginning From and After June 30, 1992)

**Laws 1994, 8th Special Session, Chapter 8** changed the Transaction Privilege and Severance Tax distribution formula for counties. Collections designated as the distribution base by the State Treasurer are divided and shared by the state, counties, and incorporated municipalities. Incorporated municipalities will continue to receive 25% in proportion to their population. The state share is reduced from 36.92% to 34.49%. Counties will now receive 40.51% with 38.08% shared among the counties by averaging the following proportions:

- (1) The proportion that the population of each county bears to the total state population.
- (2) The proportion that the distribution base monies collected during the calendar month in each county bear to the total distribution base monies collected for the calendar month.

For those counties receiving less under the population formula than under the original property valuation formula, an additional 2.43% will be distributed to counties to hold them harmless from the change in distribution methods. Any amount left after this distribution will be distributed to counties based on the new formula. (Effective From and After June 30, 1994)

**Laws 1994, Chapter 314** provided that cities, towns and counties, which submit 1995 population estimates to the Director of the Department of Revenue, the Director of the Department of Transportation and the State Treasurer, may, in lieu of conducting a special census, submit July 1995 population estimates approved by the Director of the Department of Economic Security, Population Statistics Unit. The population estimates are used for the distribution of state shared revenue. The act is repealed on July 1, 2001. (Effective July 17, 1994)

**Laws 1994, Chapter 375** provided changes to the Taxpayers' Bill of Rights including provisions on installment payments of tax, abatement of penalties, and reimbursement of fees and other costs. The reimbursement of fees and other costs is effective after December 31, 1994. (Effective July 17, 1994)

**Laws 1995, Chapter 182** authorized municipalities with a population less than 50,000 and counties with a population less than 125,000 to submit their July 1995 populations, as approved by the Director of the Department of Economic Security (DES) Population Statistics Unit, for state revenue sharing purposes without having to

contract with DES to conduct a sample survey verification. Allowed any city, town or county to submit a request that the 1990 Decennial Census, plus revisions due to annexation certified by the United States Bureau of the Census, continue to be used for the purposes of state revenue sharing, even if a special census has been conducted. (Effective July 13, 1995)