

REFERENCE TITLE: uniform local sales tax base

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

SB 1220

Introduced by
Senators Pierce S, Allen, Pearce R, Yarbrough; Representative Burges:
Senators Biggs, Bundgaard, Nelson

AN ACT

AMENDING SECTIONS 28-2154.01 AND 40-207, ARIZONA REVISED STATUTES; REPEALING SECTION 41-3015.06, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-2075, 42-5009, 42-5069, 42-6001, 42-6002 AND 42-6003, ARIZONA REVISED STATUTES; REPEALING SECTIONS 42-6004, 42-6005, 42-6006 AND 42-6007, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-6008 AND 42-6009, ARIZONA REVISED STATUTES; REPEALING SECTION 42-6207, ARIZONA REVISED STATUTES; RELATING TO MUNICIPAL EXCISE TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 28-2154.01, Arizona Revised Statutes, is amended to
3 read:

4 28-2154.01. Special ninety day nonresident registration
5 permits; procedures

6 A. A dealer or an authorized third party that issues a special ninety
7 day nonresident registration permit pursuant to section 28-2154 shall send an
8 electronic record of the permit to the department through an authorized third
9 party or through the department's authorized third party electronic service
10 provider.

11 B. The department, an authorized third party or a dealer shall not:
12 1. Issue, assign or deliver a special ninety day nonresident
13 registration permit to any person unless the person does all of the
14 following:

15 (a) Obtains the special ninety day nonresident registration permit
16 pursuant to section 28-2154.

17 (b) Completes an affidavit in a form prescribed by the director
18 pursuant to section 28-2154 or completes a form prescribed by section
19 42-5009, subsection I.

20 (c) Presents to the department, authorized third party or motor
21 vehicle dealer a ~~currently~~ CURRENT valid driver license issued by another
22 state indicating an address outside of this state.

23 (d) Provides any other information reasonably and uniformly required
24 by the department of transportation pursuant to section 28-2154 or the
25 department of revenue pursuant to section 42-5009, subsection I.

26 2. Issue and affix, as prescribed in subsection C of this section, a
27 special ninety day nonresident registration permit unless the permit is
28 recorded in the electronic records of the department.

29 C. A person who issues a special ninety day nonresident registration
30 permit shall affix or insert, clearly and indelibly, on the face of each
31 permit the dates of issuance and expiration and the make and vehicle
32 identification number of the vehicle. The special ninety day nonresident
33 registration permit shall not bear the name or address of the person who
34 purchased the vehicle in a position that is legible from outside of the
35 vehicle.

36 D. A dealer or authorized third party who issues a special ninety day
37 nonresident registration permit shall maintain a record, in a form prescribed
38 by the director, of all special ninety day nonresident registration permits
39 issued by the dealer or authorized third party and a record of other
40 information pertaining to the issuance of special ninety day nonresident
41 registration permits that the department of transportation or the department
42 of revenue requires.

43 E. The dealer or authorized third party shall keep each record for at
44 least three years after the date of entry of the record.

1 F. A dealer or authorized third party shall allow the director of the
2 department of transportation or the director of the department of revenue
3 full and free access to the records during regular business hours.

4 G. The electronic record is written notice of the removal of the
5 vehicle from this state for use in the purchaser's state of residence and
6 relieves the dealer or authorized third party of liability in accordance with
7 the requirements of section 42-5009.

8 H. If a purchaser registers the vehicle in this state within three
9 hundred sixty-five days after the issuance of the special ninety day
10 nonresident registration permit, the purchaser is liable in an amount equal
11 to any tax, penalty and interest that the motor vehicle dealer or authorized
12 third party would have been required to pay under title 42, chapter 5 and
13 ~~under articles IV and VI of the model city tax code as defined in~~
14 ~~section 42-6051~~ ANY APPLICABLE MUNICIPAL TAX. At the time of issuing the
15 special ninety day nonresident registration permit, a motor vehicle dealer or
16 authorized third party shall inform the purchaser in writing of the
17 purchaser's liability described in this section. Subsequent registration or
18 use of the vehicle in this state does not create a cause of action against a
19 dealer or authorized third party that complies with section 28-2154,
20 subsection A, this section and section 42-5009, subsection I.

21 I. The department of transportation and the department of revenue
22 shall jointly develop and prescribe forms for the motor vehicle dealer, the
23 authorized third party and the purchaser to complete for the proper
24 administration and enforcement of this section.

25 J. Compliance with this section and section 28-2154 allows delivery of
26 the vehicle to a nonresident purchaser in this state and retains the
27 applicable deductions pursuant to section 42-5061, subsection A, paragraph
28 28, subdivision (a) and subsection U.

29 Sec. 2. Section 40-207, Arizona Revised Statutes, is amended to read:
30 40-207. Electricity suppliers; rules

31 A. An electricity supplier shall obtain a certificate from the
32 commission before offering electricity for sale to retail electric customers
33 in this state.

34 B. The commission may adopt, amend and repeal rules reasonably
35 necessary to carry out this section. ~~On or before December 31, 1998,~~ The
36 commission shall adopt rules providing minimum standards of disclosure and
37 complaint procedures applicable to certificated electricity suppliers. The
38 commission may impose conditions on the certification of electricity
39 suppliers to ~~assure~~ ENSURE their financial stability, including periodic
40 reports, bonds and deposits.

41 C. As a condition of obtaining a certificate required under subsection
42 A, an electricity supplier shall agree to be subject to the transaction
43 privilege taxes and affiliated excise taxes pursuant to title 42, chapter 5
44 ~~and the provisions of the model city tax code.~~

1 1. Marking the invoice for the transaction to indicate that the gross
2 proceeds of sales or gross income derived from the transaction was deducted
3 from the tax base.

4 2. Obtaining a certificate executed by the purchaser indicating the
5 name and address of the purchaser, the precise nature of the business of the
6 purchaser, the purpose for which the purchase was made, the necessary facts
7 to establish the appropriate deduction and the tax license number of the
8 purchaser to the extent the deduction depends on the purchaser conducting
9 business classified under article 2 of this chapter and a certification that
10 the person executing the certificate is authorized to do so on behalf of the
11 purchaser. The certificate may be disregarded if the seller has reason to
12 believe that the information contained in the certificate is not accurate or
13 complete.

14 B. A person who does not comply with subsection A of this section may
15 establish entitlement to the deduction by presenting facts necessary to
16 support the entitlement, but the burden of proof is on that person.

17 C. The department may prescribe a form for the certificate described
18 in subsection A of this section. Under such rules as it may prescribe, the
19 department may also describe transactions with respect to which a person is
20 not entitled to rely solely on the information contained in the certificate
21 provided for in subsection A of this section but must instead obtain such
22 additional information as required by the rules in order to be entitled to
23 the deduction.

24 D. If a seller is entitled to a deduction by complying with subsection
25 A of this section, the department may require the purchaser ~~which~~ THAT caused
26 the execution of the certificate to establish the accuracy and completeness
27 of the information required to be contained in the certificate ~~which~~ THAT
28 would entitle the seller to the deduction. If the purchaser cannot establish
29 the accuracy and completeness of the information, the purchaser is liable in
30 an amount equal to any tax, penalty and interest ~~which~~ THAT the seller would
31 have been required to pay under this article if the seller had not complied
32 with subsection A of this section. Payment of the amount under this
33 subsection exempts the purchaser from liability for any tax imposed under
34 article 4 of this chapter. The amount shall be treated as tax revenues
35 collected from the seller in order to designate the distribution base for
36 purposes of section 42-5029.

37 E. If a seller is entitled to a deduction by complying with subsection
38 B of this section, the department may require the purchaser to establish the
39 accuracy and completeness of the information provided to the seller that
40 entitled the seller to the deduction. If the purchaser cannot establish the
41 accuracy and completeness of the information, the purchaser is liable in an
42 amount equal to any tax, penalty and interest that the seller would have been
43 required to pay under this article if the seller had not complied with
44 subsection B of this section. Payment of the amount under this subsection
45 exempts the purchaser from liability for any tax imposed under article 4 of

1 this chapter. The amount shall be treated as tax revenues collected from the
2 seller in order to designate the distribution base for purposes of section
3 42-5029.

4 F. The department may prescribe a form for a certificate used to
5 establish entitlement to the deductions described in section 42-5061,
6 subsection A, paragraph 47 and section 42-5063, subsection B, paragraph 3.
7 Under rules the department may prescribe, the department may also require
8 additional information for the seller to be entitled to the deduction. If a
9 seller is entitled to the deductions described in section 42-5061, subsection
10 A, paragraph 47 and section 42-5063, subsection B, paragraph 3, the
11 department may require the purchaser who executed the certificate to
12 establish the accuracy and completeness of the information contained in the
13 certificate that would entitle the seller to the deduction. If the purchaser
14 cannot establish the accuracy and completeness of the information, the
15 purchaser is liable in an amount equal to any tax, penalty and interest that
16 the seller would have been required to pay under this article. Payment of
17 the amount under this subsection exempts the purchaser from liability for any
18 tax imposed under article 4 of this chapter. The amount shall be treated as
19 tax revenues collected from the seller in order to designate the distribution
20 base for purposes of section 42-5029.

21 G. If a seller claims a deduction under section 42-5061, subsection A,
22 paragraph 25 and establishes entitlement to the deduction with an exemption
23 letter that the purchaser received from the department and the exemption
24 letter was based on a contingent event, the department may require the
25 purchaser that received the exemption letter to establish the satisfaction of
26 the contingent event within a reasonable time. If the purchaser cannot
27 establish the satisfaction of the event, the purchaser is liable in an amount
28 equal to any tax, penalty and interest that the seller would have been
29 required to pay under this article if the seller had not been furnished the
30 exemption letter. Payment of the amount under this subsection exempts the
31 purchaser from liability for any tax imposed under article 4 of this chapter.
32 The amount shall be treated as tax revenues collected from the seller in
33 order to designate the distribution base for purposes of section 42-5029.
34 For the purposes of this subsection, "reasonable time" means a time
35 limitation that the department determines and that does not exceed the time
36 limitations pursuant to section 42-1104.

37 H. From and after December 31, 2005 through December 31, 2010, the
38 department shall prescribe a form for a certificate used to establish
39 entitlement to the deductions described in section 42-5061, subsection B,
40 paragraph 23, section 42-5066, subsection B, paragraph 5, section 42-5070,
41 subsection C, paragraph 2, section 42-5074, subsection B, paragraph 10,
42 section 42-5075, subsection B, paragraph 20 and section 42-5159, subsection
43 B, paragraph 23 relating to motion picture production. The certificate is
44 effective for twelve consecutive calendar months from and after the date of
45 issuance and is subject to the following requirements and conditions:

1 1. A motion picture production company as defined in section 41-1517
2 may use a certificate issued pursuant to this subsection only with respect to
3 production costs described in section 41-1517, subsection A, paragraph 2 that
4 are subject to taxation under article 2 or 4 of this chapter.

5 2. The department shall issue the certificate to a motion picture
6 production company on receiving the company's letter of qualification from
7 the department of commerce, except as otherwise provided in this subsection.

8 3. The department shall not issue a certificate to a motion picture
9 production company that has a delinquent tax balance owing to the department
10 under this title or title 43.

11 4. If the department determines that a motion picture production
12 company no longer qualifies for a certificate or has used the certificate for
13 unauthorized purposes, the department shall revoke the certificate and the
14 motion picture production company is liable for an amount equal to the
15 transaction privilege and use taxes that would have been due on taxable
16 transactions during the time the company did not qualify for or improperly
17 used the certificate, with interest and penalties as provided by law.

18 5. The department shall maintain annual data on the total amount of
19 monies exempted through the use of certificates issued pursuant to this
20 subsection and shall provide those data to the department of commerce on
21 request.

22 6. The department of revenue, with the cooperation of the department
23 of commerce, shall adopt rules and publish and prescribe forms and procedures
24 as necessary to effectuate the purposes of this subsection.

25 7. If, after audit, the department determines that a motion picture
26 production company failed to meet any of the requirements prescribed by this
27 subsection, any deductions from taxation from the use of the certificate are
28 subject to recapture and payment by the motion picture production company to
29 the department.

30 I. The department shall prescribe forms for certificates used to
31 establish the satisfaction of the criteria necessary to qualify the sale of a
32 motor vehicle for the deductions described in section 42-5061, subsection A,
33 paragraph 14, paragraph 28, subdivision (a) and paragraph 45 and
34 subsection U. To establish entitlement to these deductions, a motor vehicle
35 dealer shall retain:

36 1. A valid certificate as prescribed by this subsection completed by
37 the purchaser and obtained prior to the issuance of the nonresident
38 registration permit authorized by section 28-2154.

39 2. A copy of the nonresident registration permit authorized by section
40 28-2154.

41 3. A legible copy of a current valid driver license issued to the
42 purchaser by another state or foreign country that indicates an address
43 outside of this state. For the sale of a motor vehicle to a nonresident
44 entity, the entity's representative must have a current valid driver license
45 issued by the same jurisdiction as that in which the entity is located.

1 4. For the purposes of the deduction provided by section 42-5061,
2 subsection A, paragraph 14, a certificate documenting the delivery of the
3 motor vehicle to an out-of-state location.

4 J. Notwithstanding subsection A, paragraph 2 of this section, if a
5 motor vehicle dealer has established entitlement to a deduction by complying
6 with subsection I of this section, the department may require the purchaser
7 who executed the certificate to establish the accuracy and completeness of
8 the information contained in the certificate that entitled the motor vehicle
9 dealer to the deduction. If the purchaser cannot establish the accuracy and
10 completeness of the information, the purchaser is liable in an amount equal
11 to any tax, penalty and interest that the motor vehicle dealer would have
12 been required to pay under this article and ~~under articles IV and V of the~~
13 ~~model city tax code as defined in section 42-6051~~ ANY APPLICABLE MUNICIPAL
14 TAX. Payment of the amount under this subsection exempts the purchaser from
15 liability for any tax imposed under article 4 of this chapter and ~~any tax~~
16 ~~imposed under article VI of the model city tax code as defined in section~~
17 ~~42-6051~~ APPLICABLE MUNICIPAL TAXES. The amount shall be treated as tax
18 revenues collected from the motor vehicle dealer in order to designate the
19 distribution base for purposes of section 42-5029.

20 ~~K. Notwithstanding any other law, compliance with subsection I of this~~
21 ~~section by a motor vehicle dealer entitles the motor vehicle dealer to the~~
22 ~~exemption provided in section 42-6004, subsection A, paragraph 4.~~

23 Sec. 6. Section 42-5069, Arizona Revised Statutes, is amended to read:
24 42-5069. Commercial lease classification; definitions

25 A. The commercial lease classification is comprised of the business of
26 leasing for a consideration the use or occupancy of real property.

27 B. A person who, as a lessor, leases or rents for a consideration
28 under one or more leases or rental agreements the use or occupancy of real
29 property that is used by the lessee for commercial purposes is deemed to be
30 engaged in business and subject to the tax imposed by article 1 of this
31 chapter, but this subsection does not include leases or rentals of real
32 property used for residential or agricultural purposes.

33 C. The commercial lease classification does not include:

34 1. Any business activities that are classified under the transient
35 lodging classification.

36 2. Activities engaged in by the Arizona exposition and state fair
37 board or county fair commissions in connection with events sponsored by those
38 entities.

39 3. Leasing real property to a lessee who subleases the property if the
40 lessee is engaged in business classified under the commercial lease
41 classification or the transient lodging classification OR UNDER THE MUNICIPAL
42 RESIDENTIAL LEASE CLASSIFICATION UNDER CHAPTER 6, ARTICLE 2 OF THIS TITLE.

43 4. Leasing real property pursuant to a written lease agreement entered
44 into before December 1, 1967. This exclusion does not apply to the
45 businesses of hotels, guest houses, dude ranches and resorts, rooming houses,

1 apartment houses, office buildings, automobile storage garages, parking lots
2 or tourist camps, or to the extension or renewal of any such written lease
3 agreement.

4 5. Leasing real property by a corporation to an affiliated
5 corporation. For the purposes of this paragraph, "affiliated corporation"
6 means a corporation that owns or controls at least eighty per cent of the
7 lessor, that is at least eighty per cent owned or controlled by the lessor or
8 that is at least eighty per cent owned or controlled by a corporation that
9 also owns or controls at least eighty per cent of the lessor. Ownership and
10 control are determined by reference to the voting shares of a corporation.

11 6. Leasing real property for boarding horses.

12 7. Leasing or renting real property or the right to use real property
13 at exhibition events in this state sponsored, operated or conducted by a
14 nonprofit organization that is exempt from taxation under section 501(c)(3),
15 501(c)(4) or 501(c)(6) of the internal revenue code if the organization is
16 associated with major league baseball teams or a national touring
17 professional golfing association and no part of the organization's net
18 earnings inures to the benefit of any private shareholder or individual.

19 8. Leasing or renting real property or the right to use real property
20 for use as a rodeo featuring primarily farm and ranch animals in this state
21 sponsored, operated or conducted by a nonprofit organization that is exempt
22 from taxation under section 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7) or
23 501(c)(8) of the internal revenue code and no part of the organization's net
24 earnings inures to the benefit of any private shareholder or individual.

25 9. Leasing or renting dwelling units, lodging facilities or trailer or
26 mobile home spaces if the units, facilities or spaces are intended to serve
27 as the principal or permanent place of residence for the lessee or renter or
28 if the unit, facility or space is leased or rented to a single tenant thirty
29 or more consecutive days.

30 10. Leasing or renting real property and improvements for use primarily
31 for religious worship by a nonprofit organization that is exempt from
32 taxation under section 501(c)(3) of the internal revenue code and no part of
33 the organization's net earnings inures to the benefit of any private
34 shareholder or individual.

35 11. Leasing or renting real property used for agricultural purposes
36 under either of the following circumstances:

37 (a) The lease or rental is between family members, trusts, estates,
38 corporations, partnerships, joint venturers or similar entities, or any
39 combination thereof, if the individuals or at least eighty per cent of the
40 beneficiaries, shareholders, partners or joint venturers share a family
41 relationship as parents or ancestors of parents, children or descendants of
42 children, siblings, cousins of the first degree, aunts, uncles, nieces or
43 nephews of the first degree, spouses of any of the listed relatives and
44 listed relatives by the half-blood or by adoption.

1 (b) The lessor leases or rents real property used for agricultural
2 purposes under no more than three leases or rental agreements.

3 12. Leasing, renting or granting the right to use real property to
4 vendors or exhibitors by a trade or industry association that is a qualifying
5 organization pursuant to section 513(d)(3)(C) of the internal revenue code
6 for a period not to exceed twenty-one days in connection with an event that
7 meets all of the following conditions:

8 (a) The majority of such vending or exhibition activities relate to
9 the nature of the trade or business sponsoring the event.

10 (b) The event is held in conjunction with a formal business meeting of
11 the trade or industry association.

12 (c) The event is organized by the persons engaged in the particular
13 trade or industry.

14 13. Leasing, renting or granting the right to use real property for a
15 period not to exceed twenty-one days by a coliseum, civic center, civic
16 plaza, convention center, auditorium or arena owned by this state or any of
17 its political subdivisions.

18 14. Leasing or subleasing real property used by a nursing care
19 institution as defined in section 36-401 that is licensed pursuant to title
20 36, chapter 4.

21 15. Leasing or renting an eligible facility as defined in section
22 28-7701.

23 16. Granting or providing rights to real property that constitute a
24 profit à prendre for the severance of minerals, including all rights to use
25 the surface or subsurface of the property as is necessary or convenient to
26 the right to sever the minerals. This paragraph does not exclude from the
27 commercial lease classification leasehold rights to the real property that
28 are granted in addition to and not included within the right of profit à
29 prendre, but the tax base for the grant of such a leasehold right, if the
30 gross income derived from the grant is not separately stated from the gross
31 income derived from the grant of the profit à prendre, shall not exceed the
32 fair market value of the leasehold rights computed after excluding the value
33 of all rights under the profit à prendre. For the purposes of this
34 paragraph, "profit à prendre" means a right to use the land of another to
35 mine minerals, and carries with it the right of entry and the right to remove
36 and take the minerals from the land and also includes the right to use the
37 surface of the land as is necessary and convenient for exercise of the
38 profit.

39 D. FOR MUNICIPAL TAX PURPOSES UNDER CHAPTER 6, ARTICLE 2 OF THIS
40 TITLE, THE COMMERCIAL LEASE CLASSIFICATION DOES NOT INCLUDE LEASING REAL
41 PROPERTY TO A LESSEE WHO LICENSES THE PROPERTY IF ALL OF THE FOLLOWING APPLY:

42 1. THE LESSEE IS ENGAGED IN BUSINESS CLASSIFIED UNDER THE COMMERCIAL
43 LICENSE CLASSIFICATION.

44 2. LICENSING THE REAL PROPERTY COMPRISES ALL OR PART OF THE LESSEE'S
45 BUSINESS.

1 3. THE LESSEE IS SUBJECT TO TAX UNDER CHAPTER 6, ARTICLE 2 OF THIS
2 TITLE BY ENGAGING IN THE COMMERCIAL LICENSE CLASSIFICATION.

3 ~~D.~~ E. The tax base for the commercial lease classification is the
4 gross proceeds of sales or gross income derived from the business, but
5 reimbursements to the lessor for utility service shall be deducted from the
6 tax base.

7 ~~E.~~ F. Notwithstanding section 42-1104, subsection B, paragraph 1,
8 subdivision (b) and paragraph 2, the failure to file tax returns for the
9 commercial lease classification that report gross income derived from any
10 agreement that constitutes, in whole or in part, a grant of a right of profit
11 à prendre for the severance of minerals does not constitute an exception to
12 the general rule for the statute of limitations.

13 ~~F.~~ G. For the purposes of this section:

14 1. "Leasing" includes renting.

15 2. "Real property" includes any improvements, rights or interest in
16 such property.

17 Sec. 7. Section 42-6001, Arizona Revised Statutes, is amended to read:

18 42-6001. Collection and administration of transaction privilege
19 tax and affiliated excise taxes; coordinated
20 licensing, collection and audit functions

21 A. The department ~~may~~ SHALL collect and administer any transaction
22 privilege and affiliated excise taxes, including use tax, severance tax, jet
23 fuel excise and use tax, and rental occupancy tax, imposed by any city or
24 town, and the department and any city or town ~~may~~ SHALL enter into
25 intergovernmental contracts or agreements to provide a uniform method of
26 administration, collection, audit and licensing of transaction privilege and
27 affiliated excise taxes imposed by the state or cities or towns pursuant to
28 title 11, chapter 7, article 3.

29 B. The director ~~may~~ SHALL enter into agreements with cities and towns
30 of this state that levy transaction privilege and affiliated excise taxes to
31 provide for unified or coordinated licensing, collection and auditing
32 programs for such taxes levied by cities and towns and taxes levied pursuant
33 to chapter 5 of this title OR ARTICLE 2 OF THIS CHAPTER. Such cities and
34 towns ~~may~~ SHALL enter into agreements with the department to provide for
35 unified or coordinated licensing, collection and auditing programs for such
36 transaction privilege and affiliated excise taxes levied by such cities and
37 towns and for taxes levied pursuant to chapter 5 of this title OR ARTICLE 2
38 OF THIS CHAPTER.

39 C. A city or town that does not enter into an agreement with the
40 department for the collection of municipal transaction privilege and
41 affiliated excise taxes shall report to the department on or before September
42 1 of each year the total amount of those taxes collected by the city or town
43 in the preceding fiscal year.

1 D. The director shall establish with such cities and towns a uniform
2 licensing, collection and audit committee to direct such unified or
3 coordinated functions.

4 Sec. 8. Section 42-6002, Arizona Revised Statutes, is amended to read:
5 42-6002. Procedures for levy, collection and enforcement
6 applicable to cities and towns

7 The procedures for levy, collection and enforcement of payment of
8 transaction privilege and affiliated excise taxes, including use tax,
9 severance tax, jet fuel excise and use tax, and rental occupancy tax, levied
10 by a city or town by such city or town shall be in the same manner as
11 authorized by chapter 5 of this title ~~unless otherwise provided by the~~
12 ~~ordinance of such city or town~~. The department, when acting on behalf of a
13 city or town in levying and collecting transaction privilege and affiliated
14 taxes for such city or town, shall utilize the procedures for levying,
15 collecting and enforcing the payment of such taxes on behalf of ~~a~~ THE city
16 or town.

17 Sec. 9. Section 42-6003, Arizona Revised Statutes, is amended to read:
18 42-6003. Multi-municipal taxes; determination of municipality
19 entitled to levy and collect taxes; appeal;
20 definitions

21 A. Except as otherwise provided in this section, a taxpayer who has
22 paid transaction privilege taxes on a transaction to an appropriate city or
23 town, or qualified for an exemption from transaction privilege taxes under
24 the ordinance of an appropriate city or town, is not required to pay
25 transaction privilege taxes on the same transaction to any other city or
26 town.

27 B. If a city or town asserts, in whole or in part, the right to a tax
28 ~~which~~ THAT was paid to an appropriate city or town, the cities and towns
29 claiming the tax shall attempt to resolve allocation of the tax among
30 themselves. Except as otherwise provided in this section, the taxpayer shall
31 not be a party to the dispute but may be compelled to give evidence or
32 produce books and records.

33 C. If a city or town asserts the right to tax a transaction ~~which~~ THAT
34 is exempt from transaction privilege taxes under the ordinance of an
35 appropriate city or town, the city or town asserting the right to tax and the
36 city or town which the taxpayer asserts is an appropriate city or town shall
37 attempt to resolve which city or town has the superior jurisdictional claim.
38 Except as otherwise provided in this section, the taxpayer shall not be a
39 party to the dispute but may be compelled to give evidence or produce books
40 and records.

41 D. If the cities or towns involved cannot resolve the dispute arising
42 under subsection B or C, any city or town ~~which~~ THAT is a party to the
43 dispute may submit the issue to the ~~municipal tax code commission~~ STATE BOARD
44 OF TAX APPEALS for resolution. The taxpayer may intervene in any proceeding
45 before the ~~commission~~ STATE BOARD to assist in resolving the dispute. The

1 ~~commission~~ STATE BOARD shall determine which city or town has the superior
2 jurisdictional claim, based ~~upon~~ ON its respective ordinances and common law
3 principles related to transaction privilege taxation, and, if the taxpayer
4 paid tax on the transaction, shall award the entire tax to the prevailing
5 city or town.

6 E. If it is determined that the taxpayer should have paid taxes to a
7 city or town with a higher tax rate than the city or town to which the tax
8 was actually paid, the taxpayer is liable for the tax at the higher rate only
9 on transactions occurring after the taxable month of the written notification
10 requirement provided in subsection H.

11 F. If a city or town with a higher tax rate asserts a claim to
12 transaction privilege taxes paid to an appropriate city or town with a lower
13 tax rate, the taxpayer may submit the issue to the ~~municipal tax code~~
14 ~~commission~~ state board of tax appeals for resolution and may intervene as a
15 party in a proceeding before the ~~commission~~ STATE BOARD to resolve the
16 dispute.

17 G. Any party aggrieved by an order or decision of ~~the municipal tax~~
18 ~~code commission may appeal to~~ the state board of tax appeals ~~within thirty~~
19 ~~days after notice of the order or decision of the commission has been~~
20 ~~received by the party. Any party aggrieved by an order or decision of the~~
21 ~~state board of tax appeals~~ under this section may appeal the order or
22 decision to tax court but must commence such action within thirty days after
23 notice of the order or decision of the state board has been received by the
24 party.

25 H. Following an agreement among the cities or towns involved as to
26 which city or town has jurisdiction over transaction privilege taxation on a
27 transaction or following a final determination by ~~the municipal tax code~~
28 ~~commission~~, the state board of tax appeals or the tax court that a city or
29 town is entitled to collect such taxes, and following written notification to
30 the taxpayer, the taxpayer shall thereafter pay transaction privilege taxes
31 on similar transactions to that city or town.

32 I. ~~In~~ FOR THE PURPOSES OF this section:

33 1. "Appropriate city or town" means a city or town in this state
34 either:

35 (a) In which the business sales office ~~which~~ THAT generated the
36 taxable transaction is located.

37 (b) In which the purchaser resides, is located or is situated at the
38 time of the transaction.

39 (c) ~~Which~~ THAT imposes or claims the right to impose a transaction
40 privilege tax on the transaction in question under its ordinance.

41 2. "Transaction privilege tax" means a municipal transaction privilege
42 license tax, use tax or similar tax and includes for purposes of this section
43 any penalty assessed by a city or town for nonpayment, delinquent payment or
44 failure to timely report or file a return, and any interest assessed because
45 of late payment of taxes.

1 Sec. 10. Repeal
2 Sections 42-6004, 42-6005, 42-6006 and 42-6007, Arizona Revised
3 Statutes, are repealed.

4 Sec. 11. Section 42-6008, Arizona Revised Statutes, is amended to
5 read:

6 42-6008. Municipal interest rates

7 A city or town ~~that levies and collects a tax under the model city tax~~
8 ~~code~~ shall compute interest on a deficiency assessment or a claim for refund
9 or credit at the rate and in the manner prescribed by section 42-1123,
10 subsection A.

11 Sec. 12. Section 42-6009, Arizona Revised Statutes, is amended to
12 read:

13 42-6009. Municipal refunds; valid claim; notice of denial;
14 limitations period; conditions or requirements;
15 interest; recovery of fees; definitions

16 A. A claim for credit or refund of municipal transaction privilege tax
17 filed with the tax collector is valid for purposes of filing if the claim is
18 in writing, identifies the claimant by name, address and tax identification
19 number and provides the amount of credit or refund requested, the specific
20 tax period involved and the specific grounds for the claim.

21 B. If a credit or refund claim is valid under subsection A of this
22 section, the tax collector shall not refuse to process the claim or require
23 the claimant to refile the credit or refund claim. If the tax collector
24 refuses to process or requires refiling of a credit or refund claim that is
25 valid under subsection A of this section:

26 1. For purposes of the limitation period, the credit or refund claim
27 shall be deemed received on the date the original filing was received by the
28 tax collector notwithstanding the tax collector's refusal to process or
29 requirement to refile the claim.

30 2. The claimant may treat the tax collector's refusal to process or
31 requirement to refile as a denial of the credit or refund claim by filing a
32 petition for hearing regarding the refusal to process or requirement to
33 refile under the administrative review provisions of ~~the model city tax code~~
34 ~~or state law, as applicable~~. The claimant may file a petition for hearing at
35 any time after the refusal to process or requirement to refile the claim.

36 C. No denial of the credit or refund claim occurs until the tax
37 collector notifies the claimant in writing that ~~states~~:

38 1. The claim for credit or refund has been denied and the reasoning
39 for the denial.

40 2. The notice constitutes a denial of the credit or refund claim that
41 triggers the deadline for filing a petition for hearing under the
42 administrative review provisions of ~~the model city tax code or~~ state law, ~~as~~
43 ~~applicable~~. No time limitation for filing an administrative appeal begins
44 until the tax collector issues such notifications.

1 D. Any request by the tax collector for additional information to
 2 process the credit or refund claim shall be reasonably related to the credit
 3 or refund claim. The tax collector shall not require a claimant to provide
 4 any report or information that is not required to be maintained in the normal
 5 course of business ~~under the record keeping requirements of the model city~~
 6 ~~tax code~~. Except for information reasonably necessary to substantiate a
 7 customer's exemption claim, the tax collector shall not require a claimant to
 8 provide any information relating to the claimant's specific customers,
 9 whether or not the claimant collected the tax from customers by separately
 10 stated itemization. The tax collector shall not impose unreasonable time
 11 limits for a claimant to respond to any valid request for a report or
 12 information. The tax collector shall grant a claimant's reasonable request
 13 for one or more extensions to provide any requested report or information.
 14 Any denial of the request shall state in writing that:

15 1. The claim for credit or refund has been denied and the reason for
 16 the denial.

17 2. The notice constitutes a denial of the credit or refund claim that
 18 triggers the deadline for filing a petition for hearing under the
 19 administrative review provisions of ~~the model city tax code or~~ state law,
 20 ~~as applicable~~.

21 E. The tax collector shall not condition a credit or refund on the
 22 claimant's remittance of the credit or refund to customers, whether or not
 23 the tax was collected by separately stated itemization. Tax paid on an
 24 activity that is not subject to tax or that qualifies for an exemption,
 25 deduction, exclusion or credit is not excess collected tax.

26 F. Interest on a credit or refund for overpaid municipal transaction
 27 privilege tax shall be paid to the claimant at the rate and in the manner
 28 prescribed by section 42-1123, subsection A. Interest on a refund or credit
 29 claim shall be computed from the date the claim is filed.

30 G. A claimant that is ultimately determined to be entitled to a credit
 31 or refund of municipal transaction privilege tax may be awarded, by order of
 32 a court, board or hearing officer, reasonable fees and other costs relating
 33 to the administrative processing or administrative appeal of the credit or
 34 refund claim, if the tax collector's position was not substantially justified
 35 or was brought for the purpose of harassing the claimant, frustrating the
 36 credit or refund process or delaying the credit or refund.

37 ~~H. If a discrepancy occurs between this section and any provision of~~
 38 ~~the model city tax code, this section shall apply.~~

39 ~~I.~~ H. For the purposes of this section:

40 1. "Claimant" means a taxpayer that has paid the municipal transaction
 41 privilege tax that is the subject of the credit or refund claim. Except
 42 where the taxpayer has granted a customer a power of attorney to pursue a
 43 credit or refund claim on the taxpayer's behalf, claimant does not include
 44 any customer of such taxpayer, whether or not the claimant collected the tax
 45 from customers by separately stated itemization.

1 ~~2. "Model city tax code" means the model city tax code as defined in~~
2 ~~section 42-6051, its appendices and regulations, as adopted in the city or~~
3 ~~town and includes the specific state law incorporated in the model city tax~~
4 ~~code and the interpretation of state law.~~

5 ~~3.~~ 2. "Municipal transaction privilege tax" means a municipal
6 transaction privilege tax, municipal privilege license tax or municipal
7 transaction privilege license tax, municipal use tax or similar excise tax
8 that is imposed by the tax collector.

9 ~~4.~~ 3. "Reasonable fees and other costs" means fees and other costs
10 that are based on prevailing market rates for the kind and quality of the
11 furnished services, not to exceed the amounts actually paid for expert
12 witnesses, the cost of any study, analysis, report, test, project or computer
13 program that is found to be necessary to prepare the claimant's case and
14 necessary fees for attorneys or other representatives.

15 ~~5.~~ 4. "Tax collector" means the municipal tax collector or the
16 department when it is acting as the tax collector for those cities and towns
17 in the state collection program, ~~as applicable under the model city tax code~~
18 ~~and its appendices.~~

19 Sec. 13. Repeal

20 Title 42, chapter 6, article 2, Arizona Revised Statutes, is repealed.

21 Sec. 14. Title 42, chapter 6, Arizona Revised Statutes, is amended by
22 adding a new article 2, to read:

23 ARTICLE 2. MUNICIPAL EXCISE TAXES

24 42-6051. Municipal transaction privilege and use taxes;
25 limitations and conditions; rules

26 A. NOTWITHSTANDING ANY MUNICIPAL CHARTER OR ORDINANCE, A CITY OR TOWN
27 MAY:

28 1. LEVY A TAX ON THE PRIVILEGE OF ENGAGING OR CONTINUING IN ONLY THOSE
29 BUSINESSES THAT ARE CLASSIFIED IN CHAPTER 5, ARTICLE 2 OF THIS TITLE AND THIS
30 ARTICLE.

31 2. COMPUTE THE TAX BASE OF THOSE BUSINESSES ONLY AS PRESCRIBED BY
32 CHAPTER 5, ARTICLE 2 OF THIS TITLE AND THIS ARTICLE.

33 B. A CITY OR TOWN SHALL NOT LEVY A TAX OR ASSESSMENT ON SALES, ON
34 SERVICES OR OTHERWISE ON THE PRIVILEGE OF DOING BUSINESS, HOWEVER
35 DENOMINATED, EXCEPT AS PROVIDED BY THIS SECTION.

36 C. THIS SECTION SHALL NOT BE CONSTRUED TO REQUIRE A MUNICIPAL TAX ON
37 ANY BUSINESS OR TO PROHIBIT EXEMPTIONS FROM MUNICIPAL TAXES IN ADDITION TO
38 THOSE PROVIDED BY CHAPTER 5, ARTICLE 2 OF THIS TITLE AND BY THIS ARTICLE.

39 D. NOTWITHSTANDING ANY MUNICIPAL CHARTER OR ORDINANCE, A CITY OR TOWN
40 MAY LEVY AN EXCISE TAX ON THE STORAGE, USE OR CONSUMPTION OF TANGIBLE
41 PERSONAL PROPERTY ONLY AS PROVIDED BY SECTIONS 42-5155 THROUGH 42-5158 AND
42 SUBJECT TO:

43 1. THE EXEMPTIONS PRESCRIBED BY SECTION 42-5159.

44 2. THE FOLLOWING CONDITIONS FOR THE PURPOSES OF SUCH A MUNICIPAL TAX:

1 (a) THE RETAILER UNDER SECTION 42-5155, SUBSECTION A SHALL NOT BE
2 SUBJECT TO A TAX, COMPUTED ON THE SALES PRICE, IMPOSED BY THE CITY OR TOWN ON
3 THE PRIVILEGE OF ENGAGING IN BUSINESS AS A RETAILER.

4 (b) THE CITY OR TOWN SHALL PROVIDE A CREDIT AGAINST ITS TAX IN THE
5 AMOUNT OF ANY EXCISE TAXES IMPOSED ON THE SALE OR USE OF THE PROPERTY UNDER
6 THE LAWS OF ANOTHER STATE, OF A POLITICAL SUBDIVISION OF ANOTHER STATE OR OF
7 THE UNITED STATES, TO THE EXTENT THAT THE AGGREGATE RATE OF THE OTHER TAX
8 EXCEEDS THE STATE TAX RATE.

9 E. FOR THE PURPOSES OF SUBSECTION D OF THIS SECTION, "STORAGE" MEANS
10 KEEPING OR RETAINING TANGIBLE PERSONAL PROPERTY PURCHASED FROM A RETAILER FOR
11 ANY PURPOSE EXCEPT SALE IN THE REGULAR COURSE OF BUSINESS OR SUBSEQUENT USE
12 SOLELY OUTSIDE THE MUNICIPALITY.

13 F. THE DEPARTMENT MAY ADOPT RULES RELATING TO THE SCOPE OF ALL TAXES
14 BY MUNICIPALITIES IN ORDER TO ENSURE UNIFORMITY IN APPLICATION OF TAXES AMONG
15 THE VARIOUS MUNICIPALITIES AND WITH THIS STATE. THE DEPARTMENT MAY ISSUE
16 RULINGS AND GUIDELINES IT CONSIDERS NECESSARY TO ENSURE UNIFORMITY OF AUDIT
17 POLICY AMONG THE VARIOUS MUNICIPALITIES AND WITH THIS STATE.

18 42-6052. Municipal residential lease classification

19 A. THE RESIDENTIAL LEASE CLASSIFICATION IS COMPOSED OF THE BUSINESS OF
20 LEASING OR RENTING FOR A CONSIDERATION DWELLING UNITS, LODGING FACILITIES OR
21 TRAILER OR MOBILE HOME SPACES IF THE UNITS, FACILITIES OR SPACES ARE INTENDED
22 TO SERVE AS THE PRINCIPAL OR PERMANENT PLACE OF RESIDENCE FOR THE LESSEE OR
23 RENTER. THE RESIDENTIAL LEASE CLASSIFICATION DOES NOT INCLUDE:

24 1. ANY BUSINESS ACTIVITY THAT IS CLASSIFIED UNDER THE TRANSIENT
25 LODGING CLASSIFICATION UNDER SECTION 42-5070.

26 2. THE OPERATION OF A CONVALESCENT HOME OR FACILITY, HOME FOR THE
27 AGED, HOSPITAL, JAIL, MILITARY INSTALLATION OR FRATERNITY OR SORORITY HOUSE
28 OR THE OPERATION OF ANY STRUCTURE EXCLUSIVELY BY AN ASSOCIATION, INSTITUTION,
29 GOVERNMENTAL AGENCY OR CORPORATION FOR RELIGIOUS, CHARITABLE OR EDUCATIONAL
30 PURPOSES, IF NO PART OF THE NET EARNINGS OF THE ASSOCIATION, CORPORATION OR
31 OTHER ENTITY INURES TO THE BENEFIT OF ANY PRIVATE SHAREHOLDER OR INDIVIDUAL.

32 B. FOR THE PURPOSES OF SUBSECTION A OF THIS SECTION, "PRINCIPAL OR
33 PERMANENT PLACE OF RESIDENCE" MEANS A UNIT, FACILITY OR SPACE THAT IS LEASED
34 OR RENTED TO A SINGLE TENANT FOR TWENTY-EIGHT OR MORE CONSECUTIVE DAYS.

35 C. THE TAX BASE FOR THE RESIDENTIAL LEASE CLASSIFICATION IS THE GROSS
36 PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM THE BUSINESS, BUT
37 REIMBURSEMENTS TO THE LESSOR FOR UTILITY SERVICE SHALL BE DEDUCTED FROM THE
38 TAX BASE IF THE LESSOR HAS INSTALLED UTILITY METERS FOR EACH TENANT AND
39 SEPARATELY CHARGES EACH TENANT FOR UTILITY SERVICE BASED ON THE READINGS OF
40 EACH METER.

41 42-6053. Municipal commercial license classification;
42 definition

43 A. THE COMMERCIAL LICENSE CLASSIFICATION IS COMPOSED OF THE BUSINESS
44 OF LICENSING FOR A CONSIDERATION THE USE OR OCCUPANCY OF REAL PROPERTY. THE
45 COMMERCIAL LICENSE CLASSIFICATION DOES NOT INCLUDE:

1 1. ANY BUSINESS ACTIVITIES THAT ARE CLASSIFIED UNDER THE TRANSIENT
2 LODGING CLASSIFICATION UNDER SECTION 42-5070.

3 2. ACTIVITIES ENGAGED IN BY THE ARIZONA EXPOSITION AND STATE FAIR
4 BOARD OR COUNTY FAIR COMMISSIONS IN CONNECTION WITH EVENTS SPONSORED BY ANY
5 OF THOSE ENTITIES.

6 3. THE JOINT USE OF UTILITY POLES BY PERSONS ENGAGED IN THE BUSINESSES
7 CLASSIFIED UNDER THE UTILITIES CLASSIFICATION AND THE TELECOMMUNICATIONS
8 CLASSIFICATION UNDER CHAPTER 5, ARTICLE 2 OF THIS TITLE.

9 4. THE LICENSING OF REAL PROPERTY BY A LICENSOR TO AN AFFILIATED
10 PERSON. FOR THE PURPOSES OF THIS PARAGRAPH, "AFFILIATED PERSON" MEANS AN
11 INDIVIDUAL OR GROUP OF INDIVIDUALS, CORPORATIONS OR PARTNERSHIPS THAT OWNS OR
12 CONTROLS AT LEAST EIGHTY PER CENT OF THE LICENSOR AND THAT IS AT LEAST EIGHTY
13 PER CENT OWNED OR CONTROLLED BY A PERSON THAT ALSO OWNS OR CONTROLS AT LEAST
14 EIGHTY PER CENT OF THE LICENSOR. OWNERSHIP AND CONTROL ARE DETERMINED BY THE
15 REFERENCE TO THE VOTING SHARE OF A CORPORATION AND BY REFERENCE TO THE
16 PERCENTAGE INTEREST IN PROFITS OF A PARTNERSHIP.

17 5. THE OPERATION OF A CONVALESCENT HOME OR FACILITY, HOME FOR THE
18 AGED, HOSPITAL, JAIL, MILITARY INSTALLATION OR FRATERNITY OR SORORITY HOUSE
19 OR THE OPERATION OF ANY STRUCTURE EXCLUSIVELY BY AN ASSOCIATION, INSTITUTION,
20 GOVERNMENTAL AGENCY OR CORPORATION FOR RELIGIOUS, CHARITABLE OR EDUCATIONAL
21 PURPOSES, IF NO PART OF THE NET EARNINGS OF THE ASSOCIATION, CORPORATION OR
22 OTHER ENTITY INURES TO THE BENEFIT OF ANY PRIVATE SHAREHOLDER OR INDIVIDUAL.

23 B. THE TAX BASE FOR THE COMMERCIAL LICENSE CLASSIFICATION IS THE GROSS
24 PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM THE BUSINESS, BUT THE TAX BASE
25 DOES NOT INCLUDE:

26 1. REIMBURSEMENTS TO THE LICENSOR FOR UTILITY SERVICE IF THE LICENSOR
27 HAS INSTALLED INDIVIDUAL UTILITY METERS FOR EACH LICENSEE AND SEPARATELY
28 CHARGES EACH LICENSEE FOR UTILITY SERVICE BASED ON THE READINGS OF EACH
29 METER.

30 2. THE PERIODIC MEMBERSHIP FEES OR DUES COLLECTED FROM MEMBERS BY
31 BUSINESSES OPERATING TIMESHARE FACILITIES OR CLUBS, IF THESE MEMBERSHIPS ARE
32 FOR PERIODS OF AT LEAST ONE YEAR AND PROVIDE FOR ESSENTIALLY FREE USE OF THE
33 FACILITIES FOR MORE THAN ONE CONSECUTIVE TIME PERIOD OR FOR THE ENTIRE
34 MEMBERSHIP PERIOD.

35 C. FOR THE PURPOSES OF THIS SECTION, "REAL PROPERTY" INCLUDES ANY
36 IMPROVEMENTS, RIGHTS AND INTERESTS IN SUCH PROPERTY.

37 42-6054. Municipal food sale classification; definition

38 A. THE FOOD SALE CLASSIFICATION IS COMPOSED OF THE BUSINESS OF SELLING
39 FOOD AT RETAIL BY THOSE PERSONS DESCRIBED IN SECTION 42-5102, SUBSECTION A.

40 B. THE TAX BASE FOR THE FOOD SALE CLASSIFICATION IS THE GROSS PROCEEDS
41 OF SALES OR GROSS INCOME DERIVED FROM THE BUSINESS. THE GROSS PROCEEDS OF
42 SALES OR GROSS INCOME DERIVED FROM SALES DESCRIBED IN SECTION 42-5061,
43 SUBSECTION A, PARAGRAPHS 5, 18 AND 19 SHALL BE DEDUCTED FROM THE TAX BASE.

44 C. FOR THE PURPOSES OF THIS SECTION, "FOOD" HAS THE MEANING PRESCRIBED
45 BY RULE ADOPTED BY THE DEPARTMENT PURSUANT TO SECTION 42-5106.

1 42-6055. Municipal local advertising classification: definition

2 A. THE LOCAL ADVERTISING CLASSIFICATION IS COMPOSED OF THE BUSINESS OF
3 LOCAL ADVERTISING BY BILLBOARDS, DIRECT MAIL, RADIO, TELEVISION OR ANY OTHER
4 MEANS.

5 B. THE TAX BASE FOR THE LOCAL ADVERTISING CLASSIFICATION IS THE GROSS
6 PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM THE BUSINESS BUT DOES NOT
7 INCLUDE COMMISSIONS AND FEES RETAINED BY AN ADVERTISING AGENCY.

8 C. FOR THE PURPOSES OF THIS SECTION, "LOCAL ADVERTISING" MEANS THE
9 DELIVERY OR DISSEMINATION OF INFORMATION DIRECTLY TO ANY PORTION OF THE
10 PUBLIC FOR ANY CONSIDERATION, BUT DOES NOT INCLUDE:

11 1. ADVERTISING A PRODUCT OR SERVICE THAT IS SOLD OR PROVIDED BOTH IN
12 AND OUTSIDE OF THIS STATE BY MORE THAN ONE COMMONLY DESIGNATED BUSINESS
13 ENTITY IN THIS STATE, AND IN WHICH THE ADVERTISEMENT MEANS EITHER NO COMMONLY
14 DESIGNATED BUSINESS ENTITY IN THIS STATE OR MORE THAN ONE COMMONLY DESIGNATED
15 BUSINESS ENTITY. FOR THE PURPOSES OF THIS PARAGRAPH, "COMMONLY DESIGNATED
16 BUSINESS ENTITY" MEANS A PERSON SELLING OR PROVIDING A PRODUCT OR SERVICE TO
17 ITS CUSTOMERS UNDER A COMMON BUSINESS NAME OR STYLE, EVEN THOUGH THERE MAY BE
18 MORE THAN ONE LEGAL ENTITY CONDUCTING BUSINESS FUNCTIONS USING THE SAME OR
19 SUBSTANTIALLY THE SAME BUSINESS NAME OR STYLE BY VIRTUE OF A FRANCHISE,
20 LICENSE OR SIMILAR AGREEMENT.

21 2. ADVERTISING A FACILITY OR A SERVICE OR ACTIVITY IN WHICH NEITHER
22 THE FACILITY NOR A BUSINESS SITE CARRYING ON THE SERVICE OR ACTIVITY IS
23 LOCATED IN THIS STATE.

24 3. ADVERTISING A PRODUCT THAT MAY ONLY BE PURCHASED FROM AN
25 OUT-OF-STATE SUPPLIER.

26 4. POLITICAL ADVERTISING FOR UNITED STATES PRESIDENTIAL AND
27 VICE-PRESIDENTIAL CANDIDATES ONLY.

28 5. ADVERTISING BY MEANS OF PRODUCT PURCHASE COUPONS REDEEMABLE AT A
29 RETAIL ESTABLISHMENT CARRYING THE PRODUCT BUT NOT PRODUCT COUPONS REDEEMABLE
30 ONLY AT A SINGLE COMMONLY DESIGNATED BUSINESS ENTITY.

31 6. ADVERTISING TRANSPORTATION SERVICES IF A SUBSTANTIAL PORTION OF THE
32 TRANSPORTATION ACTIVITY OF THE BUSINESS ENTITY ADVERTISED INVOLVES INTERSTATE
33 OR FOREIGN CARRIAGE.

34 Sec. 15. Repeal

35 Section 42-6207, Arizona Revised Statutes, is repealed.

36 Sec. 16. Effective date

37 This act is effective from and after June 30, 2012.