



HOUSE OF REPRESENTATIVES

HB 2025

utilities TPT; sales of propane

Prime Sponsor: Representative Mitchell, LD 13

DPA Committee on Ways and Means

DPA Caucus and COW

X House Engrossed

OVERVIEW

HB 2025 exempts the sale of liquefied petroleum gas to a business that is engaged in manufacturing or smelting operations from transaction privilege tax (TPT) and use tax.

PROVISIONS

1. Deducts the gross proceeds of sales or gross income derived from the sale of liquefied petroleum gas to a business that is engaged in manufacturing and smelting operations and that uses at least 51% of the liquefied petroleum gas in manufacturing or smelting operations from the utilities classification of TPT.
2. Exempts the purchase price of liquefied petroleum gas used by a business that is engaged in manufacturing or smelting operations and that uses at least 51% of the liquefied petroleum gas in manufacturing or smelting operations from use tax.
3. Specifies that a municipality must either tax or exempt in whole the gross proceeds of sales or gross income from sales of liquefied petroleum gas to a business that uses at least 51% of the liquefied petroleum gas in manufacturing and smelting operations.
4. Contains a delayed effective date of the first day of the month in the taxable period following the general effective date.
5. Makes conforming changes.

CURRENT LAW

Laws 2014, Chapter 7 created an exemption from use tax and TPT for the gross proceeds of sales or gross income derived from the sale of electricity and natural gas to a business that is engaged in manufacturing and smelting operation and that uses at least 51% of the electricity or natural gas in the manufacturing and smelting operations.

ADDITIONAL INFORMATION

TPT is imposed on a vendor for the privilege of conducting business in Arizona. Under this tax, the seller is responsible for remitting to the state the entire amount of tax due based on the gross proceeds or gross income of the business. While the tax is commonly passed on to the consumer at the point of sale, it is ultimately the seller's responsibility to remit the tax.

Use tax is assessed on items purchased in other states and brought into Arizona for storage, use, or consumption and for which no tax or a tax at a lesser rate has been paid in another state. Use tax is imposed on all transactions in which TPT was not.