



HOUSE OF REPRESENTATIVES

HB 2635

municipalities; taxes and fees; notification

Prime Sponsor: Representative Weninger, LD 17

X Committee on County and Municipal Affairs

Caucus and COW

House Engrossed

OVERVIEW

HB 2635 requires a municipality to prepare a schedule and written report if proposing to levy or assess a tax or fee.

PROVISIONS

1. Mandates a municipality to adhere to the following requirements if proposing to levy or assess a tax or fee:
 - a. Prepare a schedule of the proposed new or increased tax or fee that includes the amount of the tax or fee and a written report or data that supports the new or increased tax or fee. A copy of that report or data must be filed in the office of the clerk of the municipality;
 - b. Provide a schedule of the proposed new charge and the written report or data that supports the new charge or increase in the rate of an existing tax or fee to be posted on the municipality's website at least sixty days before the date the proposed new tax or fee is approved or disapproved by the governing body;
 - c. Prepare a notice of intent to establish or increase a tax or fee; the notice must include:
 - i. The time and place of the meeting of the municipality's governing body in which the proposed new or increased tax or fee will be considered;
 - ii. A statement that includes the amount of the proposed new or increased tax or fee; and
 - iii. A written report or data that supports the new or increased tax or fee and is available on the municipality's website.
 - d. Post the notice of intent on the municipality's website at least fifteen days before the date the proposed new or increased tax or fee will be approved or disapproved by the governing body; and
 - e. Distribute the notice of intent through the municipality's social media accounts or other electronic communication tools, if available.
2. Requires all departments, boards or other subdivisions of a municipality, that are authorized to establish or modify taxes or fees, to follow the notice requirements noted above before the date of the entity's consideration of the new or increased tax or fee.
3. Specifies that any technological issues that prevent the posting of the notice on the municipality's website or distribution of the notice through social media or other electronic communication tools do not preclude the municipality's governing body from approving or disapproving the new or increased tax or fee at the meeting provided on the notice of intent.
4. Exempts the following fees from being levied or taxed:
 - a. Water and wastewater rates or rate components;
 - b. Fees for registration-based classes, programs or activities provided by the municipality;

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- c. Court fees established pursuant to state law;
 - d. Fees or charges established pursuant to federal law for public housing or other federally funded programs; and
 - e. Other fees whose amounts are set by state or federal law.
5. Requires the above fee information, if made available, to be posted on the municipality's website and distributed through social media or other electronic communication tools.
 6. Makes technical and conforming changes.

CURRENT LAW

A.R.S. §9-499.15 states a municipality may not levy or assess any new taxes or fees or increase existing taxes or fees pursuant to statute on a business without complying with this section.

A municipality that proposes to levy or assess a tax or fee shall provide written notice of the proposed charge on the home page of the municipality's website at least sixty days before the date the proposed new tax or fee is approved or disapproved by the governing body of the municipality, if the imposition of the proposed tax or fee is a new charge. If the municipality proposes to increase the rate of an existing tax or fee on a business, provide written notice of the proposed increase on the home page of the municipality's website at least sixty days before the date the proposed new rate is approved or disapproved by the governing body of the municipality.

This section does not apply to any development fees that offset costs to the municipality associated with providing necessary public services to a development, including the costs of infrastructure, improvements, real property, engineering and architectural services, financing and professional services. (A.R.S. §9-463.05) In addition to any other limitation that may be imposed by law, a municipality shall not levy or impose an assessment, fee or tax on hospital revenues, discharges, beds or services for the purpose of receiving services or payments.