



HOUSE OF REPRESENTATIVES

HB 2674

TPT exemption; amateur races

Prime Sponsor: Representative Rivero, LD 21

DP Committee on Ways and Means

DPA Caucus and COW

X As Transmitted to the Governor

OVERVIEW

HB 2674 exempts the gross proceeds of sales or gross income derived from entry fees from noncompetitive races sponsored by nonprofit organizations from transaction privilege tax (TPT).

PROVISIONS

1. Exempts the gross proceeds of sales or gross income derived from entry fees from TPT for events:
 - a. that consists of a run, walk, swim, bicycle ride or a combination of these events, until March 1, 2017; and
 - b. that are operated or conducted by nonprofit organizations and consist of a run, walk, swim, bicycle ride or a combination of these events.

Retroactivity

2. Applies retroactively to any qualified event that took place before the effective date of this Act if the sponsor did not collect additional monies for TPT from the participants;
3. Specifies that any amount assessed to an operator or sponsor as a tax, interest or penalty before the effective date is remitted and forgiven
4. Stipulates that if a lien was filed against the sponsor's property due to unpaid TPT, the Department of Revenue must release the property from the lien, withdraw any recorded notice of the lien and upon request of the sponsor, issue a certificate of the release of the lien.
5. Makes technical and conforming changes.

CURRENT LAW

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. TPT is broken down into 16 different classifications, one of which is the amusement classification. The amusement classification is comprised of businesses that charge admission or user fees for exhibition, amusement or entertainment.