House Engrossed

food; municipal tax; exemption

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HOUSE CONCURRENT RESOLUTION 2021

A CONCURRENT RESOLUTION

ENACTING AND ORDERING THE SUBMISSION TO THE PEOPLE OF A MEASURE RELATING TO MUNICIPAL TRANSACTION PRIVILEGE TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it resolved by the House of Representatives of the State of Arizona, the Senate concurring:

1. Under the power of the referendum, as vested in the Legislature, the following measure, relating to municipal transaction privilege tax, is enacted to become valid as a law if approved by the voters and on proclamation of the Governor:

AN ACT

AMENDING SECTION 42-6015, ARIZONA REVISED STATUTES; RELATING TO MUNICIPAL TRANSACTION PRIVILEGE TAX.

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

Section 1. Section 42-6015, Arizona Revised Statutes, is amended to read:

42-6015. Municipal transaction privilege tax; food; exemption

A. If a city, town or other taxing jurisdiction imposes a transaction privilege, sales, use, franchise or other similar tax or fee, however denominated, on:

1. SUBJECT TO SUBSECTION C OF THIS SECTION, the sale of food items intended for human consumption as defined by rule adopted pursuant to section 42-5106 or items prescribed by section 42-5106, subsection D for home consumption, the tax must be applied uniformly with respect to all food, and an additional tax or fee differential may not be assessed or applied with respect to any specific food item.

2. The sale of food items intended for human consumption as defined by rule adopted pursuant to section 42-5106 or items prescribed by section 42-5106, subsection D for consumption on the premises, the tax must be applied uniformly with respect to all food items, and an additional tax or fee differential may not be assessed or applied with respect to any specific food item.

B. A city, town or other taxing jurisdiction may not levy a transaction privilege, sales, use, franchise or other similar tax or fee, however denominated, with respect to:

1. FROM AND AFTER JUNE 30, 2027, THE SALE OF FOOD ITEMS INTENDED FOR HUMAN CONSUMPTION AS DEFINED BY RULE ADOPTED PURSUANT TO SECTION 42-5106 OR ITEMS PRESCRIBED BY SECTION 42-5106, SUBSECTION D FOR HOME CONSUMPTION UNLESS THE CITY, TOWN OR OTHER TAXING JURISDICTION COMPLIES WITH THE REQUIREMENTS PRESCRIBED IN SUBSECTION C OF THIS SECTION.

~~1.~~ 2. The manufacture, wholesale or distribution to or among any wholesalers, distributors or retailers~~,~~ of food items intended for human consumption as defined by rule adopted pursuant to section 42-5106 or items prescribed by section

42-5106, subsection D for home consumption or for consumption on the premises.

~~2.~~ 3. Any container or packaging used exclusively for transporting, protecting or consuming food items intended for human consumption as defined by rule adopted pursuant to section 42-5106 or items prescribed by section 42-5106, subsection D for home consumption or for consumption on the premises.

~~3.~~ 4. The sale of food or other items purchased with United States department of agriculture food stamp coupons issued under the food stamp act of 1977 (P.L. 95-113; 91 Stat. 958) or food instruments issued under section 17 of the child nutrition act (P.L. 95-627; 92 Stat. 3603; P.L. 99-661, section 4302; 42 United States Code section 1786) but may impose such a tax consistent with this section on other sales of food.

~~4.~~ 5. The sale of low or reduced-cost articles of food or drink to eligible elderly or homeless persons or persons with a disability by a business subject to tax under the restaurant classification pursuant to section 42-5074 that contracts with the department of economic security and that is approved by the food and nutrition service of the United States department of agriculture pursuant to the supplemental nutrition assistance program established by the food and nutrition act of 2008 (7 United States Code sections 2011 through 2036c), if the purchases are made with the benefits issued pursuant to the supplemental nutrition assistance program.

C. TO IMPOSE A TRANSACTION PRIVILEGE, SALES, USE, FRANCHISE OR OTHER SIMILAR TAX OR FEE, HOWEVER DENOMINATED, PURSUANT TO SUBSECTION A, PARAGRAPH 1 OF THIS SECTION, A CITY, TOWN OR OTHER TAXING JURISDICTION:

1. FOR A CITY, TOWN OR OTHER TAXING JURISDICTION THAT HAS APPROVED THE IMPOSITION OF A TRANSACTION PRIVILEGE, SALES, USE, FRANCHISE OR OTHER SIMILAR TAX OR FEE, HOWEVER DENOMINATED, PURSUANT TO SUBSECTION A, PARAGRAPH 1 OF THIS SECTION ON OR BEFORE JANUARY 1, 2025, ALL OF THE FOLLOWING APPLY:

(a) FOR A CITY, TOWN OR OTHER TAXING JURISDICTION THAT IMPOSES A TRANSACTION PRIVILEGE, SALES, USE, FRANCHISE OR OTHER SIMILAR TAX OR FEE, HOWEVER DENOMINATED, AT A RATE THAT IS LESS THAN TWO PERCENT OF THE BASE, ANY INCREASE OF THE TRANSACTION PRIVILEGE, SALES, USE, FRANCHISE OR OTHER SIMILAR TAX OR FEE, HOWEVER DENOMINATED, MUST BE APPROVED BY THE VOTERS OF THE CITY, TOWN OR OTHER TAXING JURISDICTION AND MAY NOT BE MORE THAN TWO PERCENT OF THE TAX BASE.

(b) FOR A CITY, TOWN OR OTHER TAXING JURISDICTION THAT IMPOSES A TRANSACTION PRIVILEGE, SALES, USE, FRANCHISE OR OTHER SIMILAR TAX OR FEE, HOWEVER DENOMINATED, AT A RATE THAT IS TWO

PERCENT OR MORE OF THE BASE, THE CITY, TOWN OR OTHER TAXING JURISDICTION MAY NOT INCREASE THE RATE.

(c) AN INCREASE OF THE TRANSACTION PRIVILEGE, SALES, USE, FRANCHISE OR OTHER SIMILAR TAX OR FEE, HOWEVER DENOMINATED, MUST NOT OCCUR IN THE TWENTY-FOUR-MONTH PERIOD PRECEDING JUNE 30, 2027.

2. FOR A CITY, TOWN OR OTHER TAXING JURISDICTION THAT HAS NOT APPROVED THE IMPOSITION OF A TRANSACTION PRIVILEGE, SALES, USE, FRANCHISE OR OTHER SIMILAR TAX OR FEE, HOWEVER DENOMINATED, PURSUANT TO SUBSECTION A, PARAGRAPH 1 OF THIS SECTION ON OR BEFORE JANUARY 1, 2025, BOTH OF THE FOLLOWING APPLY:

(a) THE ADOPTION AND ANY SUBSEQUENT INCREASE OF THE TRANSACTION PRIVILEGE, SALES, USE, FRANCHISE OR OTHER SIMILAR TAX OR FEE, HOWEVER DENOMINATED, MUST BE APPROVED BY THE VOTERS OF THE CITY, TOWN OR OTHER TAXING JURISDICTION AND MAY NOT BE MORE THAN TWO PERCENT OF THE TAX BASE.

(b) THE ADOPTION OR SUBSEQUENT INCREASE OF THE TRANSACTION PRIVILEGE, SALES, USE, FRANCHISE OR OTHER SIMILAR TAX OR FEE, HOWEVER DENOMINATED, MUST NOT OCCUR IN THE TWENTY-FOUR-MONTH PERIOD PRECEDING JUNE 30, 2027.

Sec. 2. Retroactivity

This act applies retroactively to from and after December 31, 2024.

2. The Secretary of State shall submit this proposition to the voters at the next general election as provided by article IV, part 1, section 1, Constitution of Arizona.

PASSED BY THE HOUSE MARCH 4, 2025.
PASSED BY THE SENATE JUNE 20, 2025.
FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 23, 2025.