

Senate Engrossed

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SENATE BILL 1217

AN ACT

AMENDING SECTION 42-6003, 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 42-6003, Arizona Revised Statutes, is amended to
3 read:

4 42-6003. Multimunicipal taxes: determination of municipality
5 entitled to levy and collect taxes: appeal:
6 definitions

7 A. Except as otherwise provided in this section, a taxpayer who has
8 paid transaction privilege taxes on a transaction to an appropriate city or
9 town, or qualified for an exemption from transaction privilege taxes under
10 the ordinance of an appropriate city or town, is not required to pay
11 transaction privilege taxes on the same transaction to any other city or
12 town.

13 B. If a city or town asserts, in whole or in part, the right to a tax
14 which was paid to an appropriate city or town, the cities and towns claiming
15 the tax shall attempt to resolve allocation of the tax among themselves.
16 Except as otherwise provided in this section, the taxpayer shall not be a
17 party to the dispute but may be compelled to give evidence or produce books
18 and records.

19 C. If a city or town asserts the right to tax a transaction which is
20 exempt from transaction privilege taxes under the ordinance of an appropriate
21 city or town, the city or town asserting the right to tax and the city or
22 town which the taxpayer asserts is an appropriate city or town shall attempt
23 to resolve which city or town has the superior jurisdictional claim. Except
24 as otherwise provided in this section, the taxpayer shall not be a party to
25 the dispute but may be compelled to give evidence or produce books and
26 records.

27 D. If the cities or towns involved cannot resolve the dispute arising
28 under subsection B or C, any city or town which is a party to the dispute may
29 submit the issue to the municipal tax code commission **OR THE STATE BOARD OF**
30 **TAX APPEALS** for resolution. The taxpayer may intervene in any proceeding
31 before the commission **OR THE STATE BOARD** to assist in resolving the
32 dispute. The commission **OR THE STATE BOARD** shall determine which city or
33 town has the superior jurisdictional claim, based upon its respective
34 ordinances and common law principles related to transaction privilege
35 taxation, and, if the taxpayer paid tax on the transaction, shall award the
36 entire tax to the prevailing city or town.

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

42 F. If a city or town with a higher tax rate asserts a claim to
43 transaction privilege taxes paid to an appropriate city or town with a lower
44 tax rate, the taxpayer may submit the issue to the municipal tax code
45 commission **OR THE STATE BOARD OF TAX APPEALS** for resolution and may intervene

1 as a party in a proceeding before the commission OR THE STATE BOARD to
2 resolve the dispute.

3 G. Any party aggrieved by an order or decision of the municipal tax
4 code commission may appeal to the state board of tax appeals within thirty
5 days after notice of the order or decision of the commission has been
6 received by the party. Any party aggrieved by an order or decision of the
7 state board of tax appeals under this section may appeal the order or
8 decision to tax court but must commence such action within thirty days after
9 notice of the order or decision of the state board has been received by the
10 party.

11 H. Following an agreement among the cities or towns involved as to
12 which city or town has jurisdiction over transaction privilege taxation on a
13 transaction or following a final determination by the municipal tax code
14 commission, the state board of tax appeals or the tax court that a city or
15 town is entitled to collect such taxes, and following written notification to
16 the taxpayer, the taxpayer shall thereafter pay transaction privilege taxes
17 on similar transactions to that city or town.

18 I. ~~IN~~ FOR THE PURPOSES OF this section:

19 1. "Appropriate city or town" means a city or town in this state
20 either:

21 (a) In which the business sales office which generated the taxable
22 transaction is located.

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

25 (c) Which imposes or claims the right to impose a transaction
26 privilege tax on the transaction in question under its ordinance.

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

32 Sec. 2. Effective date

33 This act is effective from and after December 31, 2006.