**Bill Number: S.B. 1738**

**Ugenti-Rita Floor Amendment #1**

**Reference to: printed bill**

**Amendment drafted by: Leg Council**

# FLOOR AMENDMENT EXPLANATION

1. **Reduces, to 4 percent, the state transaction privilege tax (TPT) on the following business classifications:**
   a) **transporting classification;**
   b) **utilities classification;**
   c) **telecommunications classification;**
   d) **pipeline classification;**
   e) **private car line classification;**
   f) **publication classification;**
   g) **job printing classification;**
   h) **prime contracting classification;**
   i) **amusement classification;**
   j) **restaurant classification;**
   k) **personal property rental classification; and**
   l) **retail classification**

2. **Reduces, to 4.5 percent, the state TPT on the transient lodging classification and online lodging marketplace classification.**

3. **Reduces, to 2.125 percent, the state TPT on the mining classification.**

4. **Applies to taxable periods beginning on the first day of the month following the general effective date.**

5. **Makes technical changes.**

**Amendment explanation prepared by Molly Graver**

**06/22/2022**

UGENTI-RITA FLOOR AMENDMENT #1

SENATE AMENDMENTS TO S.B. 1738

(Reference to printed bill)

Page 2, between lines 8 and 9, insert:

"Sec. 4. Section 42-5010, Arizona Revised Statutes, is amended to read:

42-5010. Rates; distribution base

A. The tax imposed by this article is levied and shall be collected at the following rates:

1. ~~Five~~ FOUR percent of the tax base as computed for the business of every person engaging or continuing in this state in the following business classifications described in article 2 of this chapter:

(a) Transporting classification.

(b) Utilities classification.

(c) Telecommunications classification.

(d) Pipeline classification.

(e) Private car line classification.

(f) Publication classification.

(g) Job printing classification.

(h) Prime contracting classification.

(i) Amusement classification.

(j) Restaurant classification.

(k) Personal property rental classification.

(l) Retail classification and amounts equal to retail transaction privilege tax due pursuant to section 42-5008.01.

2. ~~Five and one-half~~ FOUR AND ONE-HALF percent of the tax base as computed for the business of every person engaging or continuing in this state in:

(a) The transient lodging classification described in section 42-5070.

(b) The online lodging marketplace classification described in section 42-5076 who has entered into an agreement with the department to register for, or has otherwise obtained from the department, a license to collect tax pursuant to section 42-5005, subsection L.

3. ~~Three and one-eighth~~ TWO AND ONE-EIGHTH percent of the tax base as computed for the business of every person engaging or continuing in this state in the mining classification described in section 42-5072.

4. Zero percent of the tax base as computed for the business of every person engaging or continuing in this state in the commercial lease classification described in section 42-5069.

B. Except as provided by subsection J of this section, twenty percent of the tax revenues collected at the rate prescribed by subsection A, paragraph 1 of this section from persons on account of engaging in business under the business classifications listed in subsection A, paragraph 1, subdivisions (a) through (h) of this section is designated as distribution base for purposes of section 42-5029.

C. Forty percent of the tax revenues collected at the rate prescribed by subsection A, paragraph 1 of this section from persons on account of engaging in business under the business classifications listed in subsection A, paragraph 1, subdivisions (i) through (l) of this section is designated as distribution base for purposes of section 42-5029.

D. Thirty-two percent of the tax revenues collected from persons on account of engaging in business under the business classification listed in subsection A, paragraph 3 of this section is designated as distribution base for purposes of section 42-5029.

E. Fifty-three and one-third percent of the tax revenues collected from persons on account of engaging in business under the business classification listed in subsection A, paragraph 4 of this section is designated as distribution base for purposes of section 42-5029.

F. Fifty percent of the tax revenues collected from persons on account of engaging in business under the business classification listed in subsection A, paragraph 2 of this section is designated as distribution base for purposes of section 42-5029.

G. In addition to the rates prescribed by subsection A of this section, if approved by the qualified electors voting at a statewide general election, an additional rate increment is imposed and shall be collected through June 30, 2021. The taxpayer shall pay taxes pursuant to this subsection at the same time and in the same manner as under subsection A of this section. The department shall separately account for the revenues collected with respect to the rates imposed pursuant to this subsection and the state treasurer shall distribute all of those revenues in the manner prescribed by section 42-5029, subsection E. The rates imposed pursuant to this subsection shall not be considered local revenues for purposes of article IX, section 21, Constitution of Arizona. The additional tax rate increment is levied at the rate of six-tenths of one per cent of the tax base of every person engaging or continuing in this state in a business classification listed in subsection A, paragraph 1 of this section.

H. Any increase in the rate of tax that is imposed by this chapter and that is enacted by the legislature or by a vote of the people does not apply with respect to contracts entered into by prime contractors or pursuant to written bids made by prime contractors on or before the effective date of the legislation or the date of the election enacting the increase. To qualify for the exemption under this subsection, the prime contractor must maintain sufficient documentation, in a manner and form prescribed by the department, to verify the date of the contract or written bid.

I. For taxpayers THAT ARE taxable under this chapter other than prime contractors taxable pursuant to section 42-5075:

1. Any increase in the rate of tax that is levied by this article or article 2 of this chapter enacted by the legislature or by a vote of the people does not apply for a period of one hundred twenty days ~~from~~ AFTER the date of the tax rate increase to the gross proceeds of sales or gross income from the business of the taxpayer with respect to written contracts entered into before the effective date of the tax rate increase unless the taxpayer has entered into a contract that contains a provision that entitles the taxpayer to recover from the purchaser the amount of the additional tax levied.

2. The provisions of this subsection apply without regard to the accounting method used by the taxpayer to report the taxes imposed under article 2 of this chapter.

3. The provisions of this subsection shall not be considered in determining the rate of tax imposed under chapter 6, article 3 of this title.

J. Zero percent of the tax revenues that are collected at the rate prescribed by subsection A, paragraph 1 of this section from persons on account of engaging in business under the business classification listed in subsection A, paragraph 1, subdivision (h) of this section~~,~~ and that are subject to any distribution required by section 42-5032.02~~,~~ is designated as distribution base for the purposes of section 42-5029 until the total amount subject to distribution pursuant to section 42-5032.02 has reached the maximum amount prescribed by section 42-5032.02, subsection C. Thereafter, twenty percent of the remaining tax revenues is designated as distribution base for the purposes of section 42-5029 as provided by subsection B of this section."

Renumber to conform

Page 113, line 38, strike "31" insert "32"

Page 114, line 2, strike "37" insert "38"

Page 114, between lines 7 and 8, insert:

"Sec. 35. Applicability

Section 42-5010, Arizona Revised Statutes, as amended by this act, applies to taxable periods beginning on or after the first day of the month following the general effective date."

Renumber to conform

Amend title to conform

MICHELLE UGENTI-RITA

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