



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
First Regular Session

House: WM DP 6-4-0-0

HB 2067: residential leases; municipal tax exemption

Sponsor: Representative Carter, LD 15

Caucus & COW

Overview

Prohibits municipalities from levying municipal tax on the business of renting or leasing real property for residential purposes effective January 1, 2024.

History

Residential rental is the rental of real property for a period of 30 or more consecutive days for residential purposes only. Residential rental properties are subject to transaction privilege tax and imposed when engaged in business under the residential rental classification by the [Model City Tax Code](#). Some cities, not all, opt to tax residential rental income under [Section 445](#) of the Model City Tax Code.

Provisions

1. Prohibits a city or town from levying a tax on the business of renting or leasing property for residential purposes. (Sec. 1, 4, 5)
2. Prohibits a county from levying a tax on the business of renting or leasing property for residential purposes. (Sec. 2)
3. Establishes that this preemption does not apply to healthcare facilities, long-term care facilities, hotels, motels or other transient lodging businesses. (Sec. 4)
4. Applies the tax prohibition regardless of whether the municipality has adopted the model city tax code. (Sec. 4)
5. Repeals A.R.S. § 42-6011, which addresses municipal transaction privilege tax rates on residential rentals. (Sec. 5)
6. Requires the owner of a residential rental property to reduce the amount of rent due by an amount equal to the difference caused by the elimination of the municipal TPT on renting or leasing real property for residential purposes. (Sec. 7)
7. Requires the Department of Revenue (DOR) to notify affected property owners of the elimination of the municipal TPT and outlines procedures for sending notice. (Sec. 8)
8. Repeals the rent reduction and DOR notification of property owners on January 1, 2027. (Sec. 7, 8)
9. Contains a legislative intent clause. (Sec. 9)
10. Contains an effective date of January 1, 2024. (Sec. 10)
11. Makes technical and conforming changes. (Sec. 1, 2, 3, 4, 6)

Prop 105 (45 votes) Prop 108 (40 votes) Emergency (40 votes) [Fiscal Note](#)