



**ARIZONA STATE SENATE**  
*Fifty-Sixth Legislature, First Regular Session*

FACT SHEET FOR H.B. 2252

**VETOED**

**AMENDED**

inmates; documentation; workforce reentry  
(NOW: motor vehicle manufacturers; TPT; exemption)

Purpose

Establishes a special 30-day nonresident registration permit (30-day Permit) as a type of required registration that a nonresident may obtain from a motor vehicle dealer for purchasing an unregistered vehicle in Arizona for removal to the purchaser's state of residence. Outlines requirements of motor vehicle dealers for the issuance of the 30-day Permit. Prescribes transaction privilege tax (TPT) requirements for the sale of a motor vehicle to a nonresident that secures a 30-day Permit.

Background

A nonresident who purchases an unregistered vehicle in Arizona for removal to the purchaser's state of residence must obtain a special 90-day nonresident registration permit. The nonresident must obtain the 90-day nonresident registration permit by applying to the Arizona Department of Transportation (ADOT) or a motor vehicle dealer and paying the necessary fees. An affidavit must accompany the application and must contain a statement that: 1) the purchaser is not a resident of Arizona; 2) the vehicle is purchased to be registered out of state within 90 days after the issuance of the special 90-day nonresident registration permit; and 3) the vehicle is not purchased for transfer to a resident of Arizona ([A.R.S. § 28-2154](#)).

A TPT exemption is provided for sales of motor vehicles to nonresidents if the purchaser's state of residence does not allow a corresponding use tax exemption, also called reciprocity, and the nonresident has secured a 90-day nonresident registration permit for the vehicle. A TPT deduction is provided for sales of motor vehicles to nonresidents if the purchaser's state of residence does provide reciprocity and a lower tax rate and the nonresident secures a 90-day nonresident registration permit. In computing the tax base for this sale, there must be deducted, from the tax base, a portion of the gross proceeds or income from the sale so that the amount of TPT that is paid in Arizona is equal to the excise tax that is imposed by the purchaser's state of residence on the nonexempt sale or use of the motor vehicle. A TPT exemption is also provided for sales of motor vehicles to nonresidents if the motor vehicle dealer ships or delivers the motor vehicle to a destination outside of the state ([A.R.S. § 42-5061](#)). A city or town may levy TPT on the gross proceeds of sales or gross income derived from the sale of a motor vehicle to a nonresident of Arizona if the purchaser's state of residence does not provide reciprocity, the nonresident has secured a 90-day nonresident registration permit and the vehicle is taken in possession within Arizona ([A.R.S. § 42-6017](#)).

The Joint Legislative Budget Committee (JLBC) fiscal note estimates that H.B. 2252 could result in an approximate state General Fund revenue loss of \$1,200,000 in FY 2024 due to non-resident drive-outs being exempt from TPT for the first time. Based on ADOT data, non-residents purchase 60,000 vehicles each year. JLBC estimates that one percent to two percent of the non-resident sales are drive-outs ([JLBC fiscal note](#)).

### Provisions

#### ***Special 30-day Registration Permit***

1. Establishes the 30-day Permit as a type of required registration that a nonresident may obtain for purchasing an unregistered vehicle in Arizona for removal to the purchaser's state of residence.
2. Requires the nonresident to obtain a 30-day Permit by:
  - a) applying to the motor vehicle dealer; and
  - b) paying prescribed fees.
3. Requires an application, unless the nonresident purchaser has completed a form prescribed for tax deduction certification, to be accompanied by an affidavit that includes the following statements that:
  - a) the purchaser is not a resident of Arizona;
  - b) the vehicle purchased to be registered out of state within 30 days after the issuance of the 30-day Permit; and
  - c) the vehicle is not purchased for transfer to a Arizona resident.
4. Requires the purchaser, at the time of application for a 30-day Permit, to submit for inspection proper evidence of ownership of the vehicle to be registered.
5. Stipulates that the 30-day Permit is valid for up to 30 days after the date of issuance.
6. Requires the 30-day Permit to be in a form prescribed by the Director of ADOT.
7. Allows ADOT to establish by rule a fee for each 30-day Permit issued.

#### ***Procedures for Motor Vehicle Dealers***

8. Allows a motor vehicle dealer to issue a 30-day Permit.
9. Requires a motor vehicle dealer to send an electronic record of the permit to ADOT through an authorized third party or through ADOT's authorized third party electronic service provider.
10. Allows a motor vehicle dealer to issue, assign or deliver a 30-day Permit to a person who does all of the following:
  - a) obtains the 30-day Permit;
  - b) completes an affidavit in a form prescribed by ADOT for a special registration or complete a form prescribed by the Arizona Department of Revenue (ADOR) for tax deduction certification;

- c) presents, to the motor vehicle dealer, a current valid driver license issued by another state indicating an address outside of Arizona; and
  - d) provides any other information reasonably and uniformly required by ADOT for special registrations or ADOR for tax deduction certification.
11. Allows a motor vehicle dealer to issue up to 500 30-day Permits for FY 2024.
  12. Requires the 30-day Permit issuance limit to be increased by 10 percent each fiscal year thereafter.
  13. Allows a motor vehicle dealer to issue and affix a 30-day Permit only if the permit is recorded in the electronic records of ADOT.
  14. Requires the motor vehicle dealer that issues a 30-day Permit to affix or insert, clearly and indelibly, on the face of each permit the dates of issuance and expiration and the make and vehicle identification number of the vehicle.
  15. Prohibits the 30-day Permit from bearing the name or address of the person who purchased the vehicle in a position that is legible from outside of the vehicle.
  16. Requires a motor vehicle dealer that issues a 30-day Permit to maintain a record, in a form prescribed the Director of ADOT, of:
    - a) all 30-day Permits issued by the motor vehicle dealer; and
    - b) a record of other information pertaining to the issuance of 30-day Permits that ADOT or ADOR require.
  17. Requires the motor vehicle dealer to keep each record for at least three years after the date of entry of the record.
  18. Requires a motor vehicle dealer to allow the Director of ADOT or the Director of ADOR full and free access to the records during regular business hours.
  19. Asserts that the electronic record is written notice of the removal of the vehicle from Arizona for use in the purchaser's state of residence and relieves the motor vehicle dealer or authorized third party of liability in accordance with requirements for tax deduction certification.
  20. Stipulates that, if a purchaser registers the vehicle in Arizona within 365 days after the issuance of the 30-day Permit, the purchaser is liable in an amount equal to any tax, penalty and interest that the motor vehicle dealer or authorized third party would have been required to pay under the retail TPT classification or the Model City Tax Code.
  21. Requires a motor vehicle dealer, at the time the 30-day Permit is issued, to inform the purchaser in writing of the purchaser's tax liability if registering the vehicle in Arizona within 365 days.
  22. Stipulates that subsequent registration or use of a vehicle in Arizona does not create a cause of action against a motor vehicle dealer or authorized third party that had complied with the special registration and tax deduction certification requirements.
  23. Requires ADOT and ADOR to jointly develop and prescribe forms for the motor vehicle dealer and the purchaser to complete for proper administration and enforcement of the 30-day Permit requirements.

24. Stipulates that compliance with the 30-day Permit requirements allows delivery of the motor vehicle to a nonresident purchaser in Arizona and exempts the gross proceeds or income from the sale of the motor vehicle to the nonresident purchaser in Arizona from the state TPT and applicable county excise taxes in accordance with statute.

***TPT Requirements***

25. Adds a TPT exemption for sales of motor vehicles to nonresidents of Arizona for use outside the state if the motor vehicle dealer sells the motor vehicle to a nonresident who has secured a 30-day Permit for the motor vehicle.
26. Allows a city or town to levy TPT on the gross proceeds of sales or gross income derived from the sale of a motor vehicle to a nonresident of Arizona who has secured a 30-day Permit for the motor vehicle.
27. Applies the modified TPT requirements to taxable periods beginning on the first day of the month following the general effective date.

***Miscellaneous***

28. Makes technical and conforming changes.
29. Becomes effective on the general effective date.

Amendments Adopted by Committee

- Adopted the strike-everything amendment.

Amendments Adopted by Committee of the Whole

1. Establishes a 30-day Permit, rather than the 10-day nonresident registration permit.
2. Clarifies that compliance with 30-day Permit requirements exempts the gross proceeds or income from the sale of the motor vehicle to the nonresident purchaser in Arizona from the state TPT and applicable county excise taxes.
3. Makes technical and conforming changes.

Governor's Veto Message

The Governor indicates in her [veto message](#) that H.B. 2252 has the potential for unintended consequences that would have a significant fiscal impact for Arizona and that a solution with stronger guardrails is necessary.

Senate Action

JUD	3/6/23		W/D
COM	3/29/23	DPA/SE	5-2-0
3 <sup>rd</sup> Read	6/12/23		19-11-0

House Action

Final Read	6/13/23	41-17-2
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Vetoed by the Governor 6/19/23

Prepared by Senate Research

June 20, 2023

JT/sr