

House Engrossed

model city tax code; notice

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

HOUSE BILL 2119

AN ACT

AMENDING SECTIONS 9-499.15, 9-836 AND 42-6054, ARIZONA REVISED STATUTES;
RELATING TO THE MODEL CITY TAX CODE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 9-499.15, Arizona Revised Statutes, is amended
3 to read:

4 9-499.15. Proposed new or increased municipal taxes and fees;
5 notification; exceptions

6 A. A municipality may not levy or assess any new taxes or fees or
7 increase existing taxes or fees pursuant to statute on a business without
8 complying with this section.

9 B. A municipality that proposes to levy or assess a tax or fee
10 shall:

11 1. Prepare a schedule of the proposed new or increased tax or fee
12 that includes the amount of the tax or fee and a written report or data
13 that supports the new or increased tax or fee. A copy of the report or
14 data shall be filed in the office of the clerk of the municipality.

15 2. If ~~the imposition of~~ the proposed tax or fee is a new charge,
16 provide written notice of the proposed charge, the schedule of the
17 proposed new charge and the written report or data that supports the new
18 charge on the home page of the municipality's website at least sixty days
19 before the date the proposed new tax or fee is approved or ~~disapproved~~
20 ~~REJECTED~~ by the governing body of the municipality.

21 3. If the municipality proposes to increase the rate of an existing
22 tax or fee on a business, provide written notice of the proposed increase,
23 the schedule of the proposed increased tax or fee and the written report
24 or data that supports the proposed increased tax or fee on the home page
25 of the municipality's website at least sixty days before the date the
26 proposed new rate is approved or ~~disapproved~~ ~~REJECTED~~ by the governing
27 body of the municipality.

28 4. Prepare a notice of intent to establish or increase taxes,
29 assessments or fees including assessments ~~LEVIED~~ pursuant to section
30 48-572, subsection B, paragraph ~~1~~ 2. The notice of intent shall include
31 the date, time and place of the meeting of the governing body of the
32 municipality in which the proposed new or increased tax or fee will be
33 considered and a statement that a schedule of the proposed new or
34 increased tax or fee that includes the amount of the tax or fee and a
35 written report or data that supports the new or increased tax or fee is
36 available on the municipality's website. The notice of intent shall be
37 posted on the municipality's website at least fifteen days before the date
38 the proposed new or increased tax or fee will be approved or ~~disapproved~~
39 ~~REJECTED~~ by the governing body of the municipality. If the municipality
40 uses social media or other electronic communication tools, the notice of
41 intent shall be distributed through the municipality's social media
42 accounts or other electronic communication tools.

43 C. A MUNICIPALITY THAT PROPOSES AN ORDINANCE TO ADOPT OR REPEAL A
44 MODEL OR LOCAL OPTION IN THE MODEL CITY TAX CODE SHALL NOTIFY ALL
45 BUSINESSES IN THE AFFECTED BUSINESS CLASSIFICATION BY MAIL AT LEAST SIXTY

1 DAYS BEFORE THE DATE THE PROPOSED ORDINANCE IS APPROVED OR REJECTED BY THE
2 GOVERNING BODY OF THE MUNICIPALITY.

3 D. SUBSECTION C OF THIS SECTION DOES NOT APPLY TO ORDINANCES THAT
4 DO EITHER OF THE FOLLOWING:

5 1. IMPOSE A USE TAX OR A MODEL OR LOCAL OPTION TO EXEMPT A CITY OR
6 TOWN FROM USE TAX.

7 2. IMPOSE A TWO-TIERED TAX RATE STRUCTURE FOR RETAIL SALES.

8 ~~E.~~ E. All departments, boards or other subdivisions of a
9 municipality that are authorized to establish or modify taxes or fees
10 shall follow the notice requirements prescribed in subsection B of this
11 section before the date of the entity's consideration of the new or
12 increased tax or fee.

13 ~~F.~~ F. Technological issues that either prevent the posting of the
14 notice on the municipality's website or distribution of the notice through
15 social media or other electronic communication tools ~~does~~ DO not preclude
16 the governing body of the municipality from approving or ~~disapproving~~
17 REJECTING the new or increased tax or fee at the meeting provided on the
18 notice of intent.

19 ~~G.~~ G. A municipality shall demonstrate that the taxes or fees are
20 imposed pursuant to statute.

21 ~~H.~~ H. Subsections A and B of this section do not apply to:

- 22 1. Any fee adopted pursuant to section 9-463.05.
- 23 2. Water and wastewater rates or rate components.
- 24 3. Fees for registration-based classes, programs or activities
25 provided by the municipality.
- 26 4. Court fees established pursuant to state law.
- 27 5. Fees or charges established pursuant to federal law for public
28 housing or other federally funded programs.
- 29 6. Other fees whose amounts are set by state or federal law.

30 ~~I.~~ I. If information is made available relating to the fees
31 provided in subsection ~~F~~ H of this section, that information shall be
32 posted on the municipality's website and, if the municipality uses social
33 media or other electronic communication tools, distributed through social
34 media or other electronic communication tools.

35 ~~H.~~ J. In addition to any other limitation that may be imposed by
36 law, a municipality shall not levy or impose an assessment, fee or tax on
37 hospital revenues, discharges, beds or services for the purpose of
38 receiving services or payments pursuant to title 36, chapter 29.

39 Sec. 2. Section 9-836, Arizona Revised Statutes, is amended to
40 read:

41 9-836. License application process

42 A municipality that issues licenses shall provide the following
43 information to an applicant at the time the applicant obtains an
44 application for a license:

1 1. A list of all of the steps the applicant is required to take in
2 order to obtain the license.

3 2. The applicable licensing time frames.

4 3. The name and telephone number of a municipal contact person who
5 can answer questions or provide assistance throughout the application
6 process.

7 4. The website address and any other information, if applicable, to
8 allow the regulated person to use electronic communication with the
9 municipality.

10 5. Notice that an applicant may receive a clarification from the
11 municipality of its interpretation or application of a statute, ordinance,
12 code or authorized substantive policy statement as provided in section
13 9-839.

14 6. NOTICE OF ANY MODEL OR LOCAL OPTION IN THE MODEL CITY TAX CODE
15 THAT WILL APPLY TO THE APPLICANT.

16 Sec. 3. Section 42-6054, Arizona Revised Statutes, is amended to
17 read:

18 42-6054. Modifications to model city tax code: notice and
19 hearing

20 A. If a city or town adopts the model city tax code, the city or
21 town shall not adopt any modification or amendment to the code unless the
22 city or town holds a public hearing on the proposed action before the
23 modification or amendment becomes effective.

24 B. If a city or town that has adopted the model city tax code
25 issues a written notice with respect to an interpretation of any provision
26 of the code or any procedures to be followed under the code, the city or
27 town shall not adopt any modification or amendment to the written notice
28 unless the city or town holds a public hearing on the proposed action
29 before the modification or amendment becomes effective.

30 C. A city or town that has adopted the model city tax code shall
31 not change the application of the code from audit to audit unless the city
32 or town adopted an amendment or modification to the code.

33 D. The governing body of the city or town shall publish a notice of
34 the hearing at least fifteen days before the date of the hearing in a
35 newspaper of general circulation in the city or town. At the hearing, the
36 governing body shall receive all written and oral comments relating to the
37 proposed action. If, after receiving and considering all comments, the
38 governing body proceeds with the proposed action, the modification or
39 amendment shall not become effective for at least thirty days after the
40 date of the hearing, unless otherwise provided by city charter.

41 E. A CITY OR TOWN THAT PROPOSES AN ORDINANCE TO ADOPT OR REPEAL A
42 MODEL OR LOCAL OPTION IN THE MODEL CITY TAX CODE SHALL NOTIFY ALL
43 BUSINESSES IN THE AFFECTED BUSINESS CLASSIFICATION PURSUANT TO SECTION
44 9-499.15.