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REFERENCE TITLE: model city tax code; notice

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

HB 2119

Introduced by
Representative Carter N

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)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Any fee adopted pursuant to section 9-463.05.

2. Water and wastewater rates or rate components.

3. Fees for registration-based classes, programs or activities provided by the municipality.

4. Court fees established pursuant to state law.

5. Fees or charges established pursuant to federal law for public housing or other federally funded programs.

6. Other fees whose amounts are set by state or federal law.

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

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

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

9-836. License application process

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

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

2. The applicable licensing time frames.

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

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

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

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

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

42-6054. Modifications to model city tax code; notice and hearing

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

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

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

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

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