

REFERENCE TITLE: TPT; distribution; HURF

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HB 2259

Introduced by
Representative Biasiucci

AN ACT

AMENDING SECTION 28-6501, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-5032.04; AMENDING SECTION 42-5071, ARIZONA REVISED STATUTES; RELATING TO TRANSACTION PRIVILEGE TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 28-6501, Arizona Revised Statutes, is amended to
3 read:

4 28-6501. Definition of highway user revenues

5 In this article, unless the context otherwise requires or except as
6 otherwise provided by statute, "highway user revenues" means all monies
7 received in this state from licenses, taxes, penalties, interest and fees
8 authorized by the following:

9 1. Chapters 2, 7, 8 and 15 of this title, except for:

10 (a) The special plate administration fees prescribed in sections
11 28-2404, 28-2407, 28-2412 through 28-2470.39 and 28-2514.

12 (b) The donations prescribed in sections 28-2404, 28-2407, 28-2412
13 through 28-2415, 28-2417 through 28-2470.39, 28-2473, 28-2474, 28-2475 and
14 28-2476.

15 2. Section 28-1177.

16 3. Chapters 10 and 11 of this title.

17 4. Chapter 16, articles 1, 2 and 4 of this title, except as
18 provided in sections 28-5926 and 28-5927.

19 5. SECTION 42-5032.04.

20 Sec. 2. Title 42, chapter 5, article 1, Arizona Revised Statutes,
21 is amended by adding section 42-5032.04, to read:

22 42-5032.04. Distribution of revenue to Arizona highway user
23 revenue fund

24 EACH MONTH THE STATE TREASURER, ON INSTRUCTION FROM THE DEPARTMENT,
25 SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, TEN PERCENT OF THE
26 AMOUNT OF STATE TRANSACTION PRIVILEGE TAX REVENUES COLLECTED UNDER SECTION
27 42-5010, SUBSECTION A THAT ARE NOT DESIGNATED AS DISTRIBUTION BASE FROM
28 PERSONS ENGAGING OR CONTINUING IN THIS STATE IN THE BUSINESS OF LEASING OR
29 RENTING A CUSTOMER-FACING ELECTRIC VEHICLE CHARGING STATION THAT IS
30 ACCESSIBLE TO THE GENERAL PUBLIC UNDER THE PERSONAL PROPERTY RENTAL
31 CLASSIFICATION PRESCRIBED BY SECTION 42-5071 IN THE ARIZONA HIGHWAY USER
32 REVENUE FUND ESTABLISHED BY SECTION 28-6533 FOR DISTRIBUTION PURSUANT TO
33 TITLE 28, CHAPTER 18, ARTICLE 2.

34 Sec. 3. Section 42-5071, Arizona Revised Statutes, is amended to
35 read:

36 42-5071. Personal property rental classification: definitions

37 A. The personal property rental classification is comprised of the
38 business of leasing or renting tangible personal property for a
39 consideration and includes peer-to-peer car sharing. The tax does not
40 apply to:

41 1. Leasing or renting films, tapes or slides used by theaters or
42 movies, which are engaged in business under the amusement classification,
43 or used by television stations or radio stations.

1 2. Activities engaged in by the Arizona exposition and state fair
2 board or county fair commissions in connection with events sponsored by
3 such entities.

4 3. Leasing or renting tangible personal property by a parent
5 business entity to a subsidiary business entity or by a subsidiary
6 business entity to another subsidiary of the same parent business entity
7 if taxes were paid under this chapter on the gross proceeds or gross
8 income accruing from the initial sale of the tangible personal property.
9 For the purposes of this paragraph, "subsidiary" means a business entity
10 of which at least eighty percent of the voting shares are owned by the
11 parent business entity.

12 4. Operating coin-operated washing, drying and dry cleaning
13 machines or coin-operated car washing machines at establishments for the
14 use of such machines.

15 5. Leasing or renting tangible personal property for incorporation
16 into or comprising any part of a qualified environmental technology
17 facility as described in section 41-1514.02. This paragraph shall apply
18 for ten full consecutive calendar or fiscal years following the initial
19 lease or rental by each qualified environmental technology manufacturer,
20 producer or processor.

21 6. Leasing or renting aircraft, flight simulators or similar
22 training equipment to students or staff by nonprofit, accredited
23 educational institutions that offer associate or baccalaureate degrees in
24 aviation or aerospace related fields.

25 7. Leasing or renting photographs, transparencies or other creative
26 works used by this state on internet websites, in magazines or in other
27 publications that encourage tourism.

28 8. Leasing or renting certified ignition interlock devices
29 installed pursuant to the requirements prescribed by section 28-1461. For
30 the purposes of this paragraph, "certified ignition interlock device" has
31 the same meaning prescribed in section 28-1301.

32 9. The leasing or renting of space to make attachments to utility
33 poles, as follows:

34 (a) By a person that is engaged in business under section 42-5063
35 or 42-5064 or that is a cable operator.

36 (b) To a person that is engaged in business under section 42-5063
37 or 42-5064 or that is a cable operator.

38 10. Leasing or renting billboards that are designed, intended or
39 used to advertise or inform and that are visible from any street, road or
40 other highway.

41 B. The tax base for the personal property rental classification is
42 the gross proceeds of sales or gross income derived from the business, but
43 the gross proceeds of sales or gross income derived from the following
44 shall be deducted from the tax base:

1 1. Reimbursements by the lessee to the lessor of a motor vehicle
2 for payments by the lessor of the applicable fees and taxes imposed by
3 sections 28-2003, 28-2352, 28-2402, 28-2481 and 28-5801, title 28, chapter
4 15, article 2 and article IX, section 11, Constitution of Arizona, to the
5 extent such amounts are separately identified as such fees and taxes and
6 are billed to the lessee.

7 2. Leases or rentals of tangible personal property that, if it had
8 been purchased instead of leased or rented by the lessee, would have been
9 exempt under:

10 (a) Section 42-5061, subsection A, paragraph 8, 9, 12, 13, 25, 29,
11 49 or 53.

12 (b) Section 42-5061, subsection B.

13 (c) Section 42-5061, subsection I, paragraph 1.

14 (d) Section 42-5061, subsection M.

15 3. Motor vehicle fuel and use fuel that are subject to a tax
16 imposed under title 28, chapter 16, article 1, sales of use fuel to a
17 holder of a valid single trip use fuel tax permit issued under section
18 28-5739 and sales of aviation fuel that are subject to the tax imposed
19 under section 28-8344.

20 4. Leasing or renting a motor vehicle subject to and on which the
21 fee has been paid under title 28, chapter 16, article 4.

22 5. Amounts received by a motor vehicle dealer for the first month
23 of a lease payment if the lease and the lease payment for the first month
24 of the lease are transferred to a third-party leasing company.

25 C. Sales of tangible personal property to be leased or rented to a
26 person engaged in a business classified under the personal property rental
27 classification are deemed to be resale sales.

28 D. In computing the tax base, the gross proceeds of sales or gross
29 income from the lease or rental of a motor vehicle does not include any
30 amount attributable to the car rental surcharge under section 5-839,
31 28-5810 or 48-4234.

32 E. Until December 31, 1988, leasing or renting animals for
33 recreational purposes is exempt from the tax imposed by this section.
34 Beginning January 1, 1989, the gross proceeds or gross income from leasing
35 or renting animals for recreational purposes is subject to taxation under
36 this section. Tax liabilities, penalties and interest paid for taxable
37 periods before January 1, 1989 shall not be refunded unless the taxpayer
38 requesting the refund provides proof satisfactory to the department that
39 the monies paid as taxes will be returned to the customer.

40 F. The tax base of the personal property rental classification does
41 not include the gross proceeds or gross income received by a shared
42 vehicle owner from a peer-to-peer car sharing program pursuant to section
43 42-5009, subsection R.

1 G. FOR THE PURPOSES OF SECTION 42-5032.04, THE DEPARTMENT SHALL
2 SEPARATELY ACCOUNT FOR REVENUES COLLECTED UNDER THE PERSONAL PROPERTY
3 RENTAL CLASSIFICATION FROM A PERSON ENGAGING OR CONTINUING IN THIS STATE
4 IN THE BUSINESS OF LEASING OR RENTING A CUSTOMER-FACING ELECTRIC VEHICLE
5 CHARGING STATION THAT IS ACCESSIBLE TO THE GENERAL PUBLIC.

6 ~~G.~~ H. For the purposes of this section:

7 1. "Cable operator" has the same meaning prescribed in section
8 9-505 and includes a video service provider.

9 2. "Peer-to-peer car sharing" has the same meaning prescribed in
10 section 28-9601.

11 3. "Peer-to-peer car sharing program" has the same meaning
12 prescribed in section 28-9601.

13 4. "Shared vehicle owner" has the same meaning prescribed in
14 section 28-9601.

15 5. "Utility pole" means any wooden, metal or other pole used for
16 utility purposes and the pole's appurtenances that are attached or
17 authorized for attachment by the person controlling the pole.

18 Sec. 4. Applicability

19 This act applies to taxable periods beginning on or after the first
20 day of the month following the general effective date.