



HOUSE OF REPRESENTATIVES

HB 2389

~~technical correction, TPT~~

NOW: transaction privilege tax changes

Sponsor: Representative Lesko

DPA/SE Committee on Ways and Means

DPA Caucus and COW

X As Transmitted to the Governor

OVERVIEW

HB 2389 makes changes to statutes governing transaction privilege tax (TPT) in order to implement recent TPT legislation, specifically Laws 2013, Chapter 255.

HISTORY

Governor Brewer issued an executive order on May 11, 2012 to establish the Transaction Privilege Tax Simplification Task Force, which met weekly between July 23 and December 13 of 2012. The Task Force produced a final report, which can be found at http://www.azgovernor.gov/tpt/documents/Materials/TPT_121312_TaskForceFinalReport.pdf.

The Task Force recommendations resulted in HB 2111, chaptered as Laws 2013, Chapter 255. This bill made numerous statutory changes regarding Transaction Privilege Tax including: establishing a single and uniform TPT audit system and online portal, modifying the prime contracting classification, and making numerous administrative changes.

PROVISIONS

Licensing

- Amends provisions so that the state and municipal TPT licensing processes are the same:
 - requires a person engaging or continuing in business to annually apply for a license;
 - stipulates a license is valid for only the calendar year in which it is issued;
 - requires licenses to be renewed January 1.
- Maintains the current \$12 TPT licensing fee and stipulates that there is no fee for license renewal.
- Sets the municipal TPT licensing fee at up to \$50 and renewal fee at up to \$50.
- Imposes a penalty of up to \$25 for failure to timely renew a municipal TPT license.
- Provides that a taxpayer who operates in multiple locations or under multiple names must obtain a TPT and municipal TPT license for each location.
- Provides that a taxpayer who operates in multiple locations or under multiple names and files a consolidated tax return is required to pay only one municipal TPT renewal fee for each jurisdiction.

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- Provides that a taxpayer who operates in multiple locations or under multiple names and does not file a consolidated tax return is required to pay a license renewal fee for each location in each jurisdiction.

Prime Contracting Classification

- Revises language pertaining to TPT exemption certificates required for certain contractors.
- Changes the contractor exemption provision from a deduction to an exemption.
- Removes *addition* and *subtraction* from definition of *modification*.

Restaurant Classification

- Exempts qualifying transactions made by members of the Supplemental Nutrition Assistance Program (SNAP) under the Restaurant Program from TPT.

Administration

- Allows DOR to accept credit cards for all payments, not just tax payments.
- Allows, rather than requires, current non-program cities to pay for the electronic system.
- Removes reference to portal.
- Replaces references to the *online portal* with *electronic system* under the statute governing electronic filing of TPT.
- Specifies that municipal TPT levied by a city or town is governed by state general and TPT specific administration statutes.
- Prohibits a trained and authorized auditor from representing a taxpayer in any tax matter.
- Provides that appeals of audit assessments are administered pursuant to state procedures.
- Repeals A.R.S. § 42-6009, the municipal TPT refund statute, and provides procedures to address refund requests related to returns filed prior to January 1, 2015.
- Allows for e-signatures on all returns, statements, and other filed tax documents regardless of whether the document complies with current electronic and digital signature statutory requirements.
- Requires a taxpayer operating in multiple locations or under multiple names to e-file tax returns.
- Provides that hearings under the Model City Tax Code for non-program cities relating to liabilities established before January 1, 2013 and appeals from supplementary audits performed by program cities for all audits and assessments initiated prior to January 1, 2015 must be heard by the Municipal Tax Hearing Office.
 - These changes are conditionally repealed upon issuance of the final MTHO decision.
- States that all matters initiated by a city or town after January 1, 2015 are subject to DOR procedures under A.R.S. § 42-6002.
- Requires DOR, as of October 1, 2014, to mail a single notice to each license holder that includes all license renewals for TPT and municipal TPT.
- Exempts DOR from rulemaking.
- Contains a delayed effective date.