

State of Arizona
Senate
Fifty-first Legislature
Second Regular Session
2014

CHAPTER 121
SENATE BILL 1331

AN ACT

AMENDING SECTION 42-6053, 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 42-6053, Arizona Revised Statutes, is amended to
3 read:

4 42-6053. Official copy of model city tax code; review and
5 comment on proposed changes

6 A. The department of revenue shall:

- 7 1. Maintain the official copy of the model city tax code.
- 8 2. Post the official copy on the department's official website.

9 B. At least sixty days before adopting any modification or amendment
10 of the model city tax code a city or town shall submit the proposed
11 modification or amendment to the municipal tax code commission for review and
12 recommendation.

13 C. The commission shall review and comment on language submitted by
14 any city, town or taxpayer for the purpose of describing, defining, deleting,
15 adding or otherwise modifying taxable activities, exemptions, administrative
16 procedures or regulations relating to the model city tax code. The
17 commission may hold public hearings within thirty days after receiving a
18 proposed amendment or modification for the purpose of reviewing and receiving
19 comments on the proposed changes, shall consider any information and
20 testimony presented at the hearing, may require changes to the language
21 presented at the hearing and may require changes to the language presented by
22 the city or town or taxpayer. All changes to the model city tax code must be
23 reflected in the official copy on file with the department of revenue within
24 ten days after the commission's approval. **ANY CHANGES NOT REFLECTED IN THE**
25 **OFFICIAL COPY ON FILE WITH THE DEPARTMENT OF REVENUE ARE VOID AND HAVE NO**
26 **EFFECT.**

27 D. Changes to the model city tax code approved by the commission shall
28 be adopted by all cities and towns. This requirement shall not be construed
29 to prohibit the commission from recommending a model or local option or
30 changes to a model or local option contained in the model city tax code to be
31 adopted only by those cities and towns choosing the option or from approving
32 a change submitted by a city or town that does not apply to any other city or
33 town. The city or town shall not adopt a modification or amendment of any
34 provision of the model city tax code unless it has been approved by the
35 commission.

36 E. Changes in rates of tax are not subject to review, but within ten
37 days after passage of the ordinance imposing a rate change:

38 1. The city or town imposing a new or different tax rate shall notify
39 the commission and the department of revenue. **FOR THE PURPOSES OF THIS**
40 **SUBSECTION, A "NEW OR DIFFERENT TAX RATE" MEANS THE ADOPTION OR REPEAL OF A**
41 **MODEL OR LOCAL OPTION OR ANY CHANGE THAT INCREASES THE AMOUNT OF TAX A**
42 **TAXPAYER MUST PAY TO A CITY OR TOWN. FAILURE OF A CITY OR TOWN TO NOTIFY THE**
43 **COMMISSION AND, BEGINNING JULY 1, 2012, THE DEPARTMENT OF REVENUE RENDERS THE**
44 **NEW OR DIFFERENT TAX RATE VOID AND HAS NO EFFECT.**

45 2. The change must be reflected in the official copy of the model city
46 tax code. **ANY CHANGE NOT REFLECTED IN THE OFFICIAL COPY OF THE MODEL CITY**
47 **TAX CODE IS VOID AND HAS NO EFFECT.**

1 Sec. 2. Declaration of intent

2 It is the intent of the legislature in amending the provisions of
3 section 42-6053, Arizona Revised Statutes, as specified in this act to
4 clarify that a tax rate change subject to the notice requirement of section
5 42-5063, subsection E, paragraph 1, Arizona Revised Statutes, includes the
6 adoption of a model or local option or any change that increases the amount
7 of tax a taxpayer must pay to a city or town and that the failure of a city
8 or town to report such a change to the municipal tax code commission or, for
9 periods beginning July 1, 2012, to the Arizona department of revenue renders
10 such a change invalid.

11 Sec. 3. Retroactivity: refund

12 A. Section 42-6053, Arizona Revised Statutes, as amended by this act,
13 applies retroactively to taxable periods beginning from and after July 1,
14 1988.

15 B. Any claim for refund of transaction privilege tax paid based on the
16 retroactive application of section 42-6053, Arizona Revised Statutes, as
17 amended by this act, must be submitted pursuant to section 42-1118, Arizona
18 Revised Statutes, to the department of revenue or the appropriate city on or
19 before December 31, 2014. Failure to file a claim on or before December 31,
20 2014 constitutes a waiver of the claim for refund under this section.

21 C. The burden is on the taxpayer to establish by competent evidence
22 the amount of any such refund claim. The department of revenue shall:

- 23 1. Review all timely filed claims.
24 2. Determine, on audit if necessary, the correct amount of each claim.
25 3. Notify the taxpayer of its determination. The notice is final
26 unless the taxpayer appeals in the manner provided in section 42-1119,
27 Arizona Revised Statutes.

28 D. Notwithstanding section 42-1119, Arizona Revised Statutes, the
29 department of revenue or appropriate city shall not make a refund until after
30 the determination of the amount of all refund claims filed pursuant to this
31 section. If a taxpayer appeals the department's determination, the
32 department pursuant to the rules protecting confidentiality under title 42,
33 chapter 2, article 1, Arizona Revised Statutes, may notify other taxpayers
34 who have filed claims under this section as to the nature and extent of the
35 delay.

36 E. The total amount of refunds issued under this section shall not be
37 more than ten thousand dollars. If the total amount of refundable claims
38 filed under this section is more than ten thousand dollars, the department
39 shall reduce each claim proportionately so that the total amount of refunds
40 is not more than ten thousand dollars.

41 F. Interest shall not be allowed or compounded on a refund paid before
42 July 1, 2015. Unpaid refund amounts from and after June 30, 2015, shall
43 accrue interest under section 42-1123, Arizona Revised Statutes.

APPROVED BY THE GOVERNOR APRIL 22, 2014.

S.B. 1331

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 23, 2014.