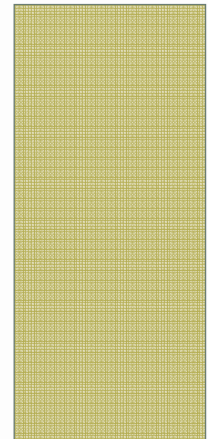


# TPT and Possible 2014 Legislation

by State Rep. Debbie Lesko 11-15-13



# SUMMARY OF HB 2111 PROVISIONS

## 1. Single Point of Payment:

- Business remits payment to one single location-DOR-either online portal or with one single paper form

## 2. Single Audit

- DOR administers system, provides uniform audit manual, and trains and certifies all state & city auditors
- Single audit covers the state, county, and city
- DOR audits multi-jurisdictional taxpayers; Cities audit taxpayers that operate only in their city
- All taxpayer protests go through the Office of Administrative Hearings

# SUMMARY OF HB2111 PROVISIONS

## 3. Contracting

- Exempts service contractors from prime contracting  
Service Contractor= Repair, Replace, Maintain
- Allows service contractors working as subcontractors to obtain specific exemption certificates for retail tax for materials incorporated into a taxable project

# TPT IMPLEMENTATION

- August “Kick-Off” meeting hosted by the Governor’s Office included the following stakeholders:
  - Legislators
  - DOR
  - Cities
  - Taxpayers
  - Practitioners
  - Business Associations
  - Lobbyists
- Stakeholders signed up for committees at the kick-off meeting. Members consist of businesses, DOR, cities, tax practitioners and other interested parties.

# IMPLEMENTATION COMMITTEES and DOR Committee Chairs

- Audit
  - Tom Johnson
- Portal
  - Cynthia Ramey
- Administration
  - Lynette Nowlan
- Contracting
  - Christie Comanita

# ADOR HB 2111 SIMPLIFICATION PROGRAM TIMELINE

- Summer 2013-Fall 2013
  - Discovery
  - Research and Analysis
- Fall 2013-Summer 2014
  - Development of procedures, training, design, and legal clarifications
- Fall 2014-Winter 2014
  - Solution testing
  - Training delivery

# ADMINISTRATION IMPLEMENTATION EFFORTS TO DATE

- DOR has completed analysis of process flows from licensing to returns to payments to distributions
- DOR will continue to document processes and system capabilities
- DOR will compare city requirements and identify gaps
- City of Phoenix is the acting liaison for all non-program cities
- Both DOR and League have said their meetings have gone well

## PORTAL EFFORTS TO DATE

- DOR making improvements to AZTaxes – current online sales tax filing system
- Both DOR and League have said they are working well together and progress is being made
- DOR and League have performed tests extracting municipal data with success
- Separate Portal may not be needed. More testing needs to be done.



# AUDIT IMPLEMENTATION EFFORTS TO DATE

- Audit Workpaper/Manual/Training
  - All current workpapers and manuals have been collected and reviewed
  - State and City of Scottsdale manual will be combined to form new Audit Manual based on a single audit process
  - City of Mesa audit workpapers will be the base for new gross receipts/deduction detail schedule
  - Current state tax calculator will be used for all auditing jurisdictions
  - New audit programs by TPT classification will be a combination of state and municipal programs

# CONTRACTING IMPLEMENTATION EFFORTS TO DATE

- DOR is currently performing research and analysis

# POSSIBLE 2014 TAX LEGISLATION

- Tax reform to attract manufacturers to AZ
  - no sales tax on electricity for manufacturers
  - more details from Governor in January
- Sales Tax legislation:
  - TPT clean-up bill: yet to be determined
  - One stop shop for purchasing and renewing sales tax licenses
  - Implement a uniform penalty fee and interest rate on past due sales taxes among the state and cities
- Taxpayer Protections:
  - Increase transparency and oversight of K-12 property tax levies to ensure taxpayers are not being overcharged. Unlike other jurisdictions, K-12 tax levy oversight is not effective.

# POSSIBLE 2014 TAX LEGISLATION

- Taxpayer Protections (continued):
  - Measures to ensure that taxpayer funded publicity pamphlets aren't just marketing tools for the Yes vote. Look at language. Look at submission deadline dates.
  - Greater transparency in K-12 M&O overrides. Counties and Community Colleges have a fixed dollar amount override. K-12 overrides are based on a % of their budget which can increase each year.
  - Waiting period between bond and override elections after a measure fails at the ballot.
  - Re-visit the city parcel tax prohibition bill that didn't make it through last year.

# 2014...I'm excited! Are You?

Other tax legislation???: I'm already hearing from some of you and I'm sure my calendar will be full with meetings on new proposals. 😊

Questions?