

REFERENCE TITLE: low income housing; tax; exemption

State of Arizona  
Senate  
Forty-seventh Legislature  
Second Regular Session  
2006

# SB 1137

Introduced by  
Senator Leff

AN ACT

AMENDING SECTION 42-6004, ARIZONA REVISED STATUTES; RELATING TO LOCAL EXCISE TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-6004, Arizona Revised Statutes, is amended to  
3 read:

4 42-6004. Exemption from municipal tax

5 A. A city, town or special taxing district shall not levy a  
6 transaction privilege, sales, use or other similar tax on:

7 1. Exhibition events in this state sponsored, conducted or operated by  
8 a nonprofit organization that is exempt from taxation under section  
9 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code if the  
10 organization is associated with a major league baseball team or a national  
11 touring professional golfing association and no part of the organization's  
12 net earnings inures to the benefit of any private shareholder or individual.

13 2. Interstate telecommunications services, which include that portion  
14 of telecommunications services, such as subscriber line service, allocable by  
15 federal law to interstate telecommunications service.

16 3. Sales of warranty or service contracts.

17 4. Sales of motor vehicles to nonresidents of this state for use  
18 outside this state if the vendor ships or delivers the motor vehicle to a  
19 destination outside this state.

20 5. Interest on finance contracts.

21 6. Dealer documentation fees on the sales of motor vehicles.

22 7. THROUGH DECEMBER 31, 2009, the gross proceeds of sales or gross  
23 income received from a contract from constructing any lake facility  
24 development in a commercial enhancement reuse district established pursuant  
25 to section 9-499.08.

26 8. Sales of food or other items purchased with United States  
27 department of agriculture food stamp coupons issued under the food stamp act  
28 of 1977 (P.L. 95-113; 91 Stat. 958) or food instruments issued under section  
29 17 of the child nutrition act (P.L. 95-627; 92 Stat. 3603; P.L. 99-661,  
30 section 4302; 42 United States Code section 1786) but may impose such a tax  
31 on other sales of food. If a city, town or special taxing district exempts  
32 sales of food from its tax or imposes a different transaction privilege rate  
33 on the gross proceeds of sales or gross income from sales of food and nonfood  
34 items, it shall use the definition of food prescribed by rule adopted by the  
35 department pursuant to section 42-5106.

36 9. Sales of internet access services to the person's subscribers and  
37 customers. For the purposes of this paragraph:

38 (a) "Internet" means the computer and telecommunications facilities  
39 that comprise the interconnected worldwide network of networks that employ  
40 the transmission control protocol or internet protocol, or any predecessor or  
41 successor protocol, to communicate information of all kinds by wire or radio.

42 (b) "Internet access" means a service that enables users to access  
43 content, information, electronic mail or other services over the internet.  
44 Internet access does not include telecommunication services provided by a  
45 common carrier.

1           B. A city, town or other taxing jurisdiction shall not levy a  
2 transaction privilege, sales, use, franchise or other similar tax or fee,  
3 however denominated, on natural gas or liquefied petroleum gas used to propel  
4 a motor vehicle.

5           C. A city, town or other taxing jurisdiction shall not levy a  
6 transaction privilege, sales, gross receipts, use, franchise or other similar  
7 tax or fee, however denominated, on gross proceeds of sales or gross income  
8 derived from any of the following:

9           1. A motor carrier's use on the public highways in this state if the  
10 motor carrier is subject to a fee prescribed in title 28, chapter 16,  
11 article 4.

12           2. Leasing, renting or licensing a motor vehicle subject to and upon  
13 which the fee has been paid under title 28, chapter 16, article 4.

14           3. The sale of a motor vehicle and any repair and replacement parts  
15 and tangible personal property becoming a part of such motor vehicle to a  
16 motor carrier who is subject to a fee prescribed in title 28, chapter 16,  
17 article 4 and who is engaged in the business of leasing, renting or licensing  
18 such property.

19           4. Incarcerating or detaining in a privately operated prison, jail or  
20 detention facility prisoners who are under the jurisdiction of the United  
21 States, this state or any other state or a political subdivision of this  
22 state or of any other state.

23           5. Transporting for hire persons, freight or property by light motor  
24 vehicles subject to a fee under title 28, chapter 15, article 4.

25           6. **THROUGH DECEMBER 31, 2009**, except as provided in section 42-6104, a  
26 contract from constructing any lake facility development in a commercial  
27 enhancement reuse district established pursuant to section 9-499.08.

28           D. A city, town or other taxing jurisdiction shall not levy a  
29 transaction privilege, sales, use, franchise or other similar tax or fee,  
30 however denominated, in excess of one-tenth of one per cent of the value of  
31 the entire product mined, smelted, extracted, refined, produced or prepared  
32 for sale, profit or commercial use, on persons engaged in the business of  
33 mineral processing, except to the extent that the tax is computed on the  
34 gross proceeds or gross income from sales at retail.

35           E. In computing the tax base, any city, town or other taxing  
36 jurisdiction shall not include in the gross proceeds of sales or gross  
37 income:

38           1. A manufacturer's cash rebate on the sales price of a motor vehicle  
39 if the buyer assigns the buyer's right in the rebate to the retailer.

40           2. The waste tire disposal fee imposed pursuant to section 44-1302.

1           3. THE RENT OF LOW INCOME RESIDENTIAL HOUSING ESTABLISHED UNDER  
2 SECTION 42 OF THE INTERNAL REVENUE CODE OR OTHER SIMILAR FEDERAL, STATE OR  
3 LOCAL LOW INCOME RESIDENTIAL DEVELOPMENT PROGRAM. THIS PARAGRAPH DOES NOT  
4 APPLY UNLESS A TAXPAYER NOTIFIES THE CITY, TOWN OR OTHER TAXING JURISDICTION  
5 THAT THE CONDITIONS OF THIS PARAGRAPH ARE MET. THE TAXPAYER'S NOTIFICATION  
6 SHALL BE PROVIDED ON A FORM PRESCRIBED BY THE CITY, TOWN OR OTHER TAXING  
7 JURISDICTION.