

House Engrossed Senate Bill  
businesses; fees; income tax reduction

State of Arizona  
Senate  
Fifty-sixth Legislature  
First Regular Session  
2023

# SENATE BILL 1559

AN ACT

AMENDING SECTIONS 10-122 AND 41-126, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 4, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-710.02; AMENDING SECTION 42-5005, ARIZONA REVISED STATUTES; RELATING TO BUSINESS INCENTIVES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 10-122, Arizona Revised Statutes, is amended to  
3 read:

4 10-122. Filing, service and copying fees; expedited report  
5 filing and access; same day and next day services;  
6 posted wait times; advance monies; exception;  
7 definition

8 A. The commission shall collect and deposit, pursuant to sections  
9 35-146 and 35-147, the following nonrefundable fees when the documents  
10 described in this subsection are delivered to the commission:

<u>Document</u>	<u>Fee</u>
1. Articles of incorporation	\$50
2. Application for use of indistinguishable name	10
3. Application for reserved name	10
4. Notice of transfer of reserved name	10
5. Application for registered name	10
6. Application for renewal of registered name	10
7. Agent's statement of resignation	10
8. Amendment of articles of incorporation	25
9. Restatement of articles of incorporation with amendment of articles	25
10. Statement of merger, interest exchange, conversion, domestication or division if the entity responsible for filing the statement is a corporation	100
11. Articles of dissolution	25
12. Articles of revocation of dissolution	25
13. Application for reinstatement following administrative dissolution, in addition to other fees and penalties due	100
14. Application for authority	150
15. Application for withdrawal	25
16. Annual report	45
17. Articles of correction	25
18. Application for certificate of good standing	10
19. Any other document required or permitted to be filed by chapters 1 through 17 of this title	25

39 B. The commission shall collect a nonrefundable fee of ~~twenty-five~~  
40 ~~dollars~~ \$25 each time process is served on it under chapters 1 through 17  
41 of this title. The party to a proceeding causing service of process is  
42 entitled to recover this fee as costs if the party prevails in the  
43 proceeding.

1 C. The commission shall charge and collect a reasonable fee for  
2 copying documents on request, provided the fee does not exceed the cost of  
3 providing the service as determined by the commission. The commission  
4 shall also charge a reasonable fee for certifying the copy of a filed  
5 document, ~~provided the fee does not exceed the cost of providing the~~  
6 service as determined by the commission.

7 D. A penalty of ~~one hundred dollars~~ \$100 IS payable in addition to  
8 other fees accrues and is payable if a foreign corporation fails to file  
9 an amendment, restated articles that include an amendment, ~~or~~ or articles of  
10 merger within sixty days after the time of filing in the jurisdiction in  
11 which the corporation is domiciled. The penalty collected pursuant to  
12 this subsection shall be deposited, pursuant to sections 35-146 and  
13 35-147, in the state general fund.

14 E. One-third of the fees for the annual report of domestic and  
15 foreign corporations paid pursuant to subsection A, paragraph 16 of this  
16 section shall be deposited in the Arizona arts trust fund established by  
17 section 41-983.01 and two-thirds of these fees shall be deposited,  
18 pursuant to sections 35-146 and 35-147, in the public access fund  
19 established by section 10-122.01.

20 F. The commission shall provide for and establish an expedited  
21 service for the filing of all documents and services provided pursuant to  
22 this title as follows:

23 1. The expedited filing shall be a priority service to be completed  
24 as soon as possible after the documents are delivered to the commission.

25 2. In addition to any other fees required by this section or any  
26 other law, the commission shall charge a nonrefundable fee for expedited  
27 services, including those requested by fax. The fee shall be determined  
28 by a supermajority vote of the commissioners.

29 3. The commission may provide for and establish same day and next  
30 day services for the filing of any documents and services provided  
31 pursuant to this title as follows:

32 (a) The commission shall suspend same day or next day service if  
33 the commission determines that it does not have the necessary resources to  
34 perform the service within the established time period.

35 (b) In addition to any other fees required by this section or any  
36 other law, the commissioners may charge a nonrefundable fee for the same  
37 day or next day service or both. The fee shall be determined by a  
38 supermajority vote of the commissioners.

39 4. The commission shall publicly post the current wait times for  
40 processing regular, expedited and same day and next day services.

41 G. The commission may charge persons who access the commission's  
42 data processing system that is maintained pursuant to section 10-122.01  
43 from remote locations and persons requesting special computer generated  
44 printouts, reports and tapes a reasonable fee that does not exceed the

1 cost of the time, equipment and personnel necessary to provide this  
2 service or product as determined by the commission.

3 H. Except as provided in section 10-122.01, subsection B, paragraph  
4 3, in addition to any fee charged pursuant to this section, the commission  
5 may charge and collect the following nonrefundable fees to help defray the  
6 cost of the improved data processing system that is maintained pursuant to  
7 section 10-122.01:

8 1. Filing articles of incorporation of a domestic corporation, ~~ten~~  
9 ~~dollars~~ \$10.

10 2. Filing an application of a foreign corporation for authority to  
11 transact business in this state, ~~twenty-five dollars~~ \$25.

12 I. All monies received pursuant to subsections F, G and H of this  
13 section shall be deposited, pursuant to sections 35-146 and 35-147, in the  
14 public access fund established by section 10-122.01.

15 J. Fees charged pursuant to this section are exempt from section  
16 39-121.03, subsection A, paragraph 3.

17 K. The commission may allow any person to advance monies to the  
18 commission to pay fees required pursuant to this section for future  
19 filings and services. All monies received pursuant to this subsection  
20 shall be deposited, pursuant to sections 35-146 and 35-147, in the money  
21 on deposit account in the public access fund established by section  
22 10-122.01.

23 L. In addition to any other fees prescribed by law, the commission  
24 may establish a fee for the filing of an annual benefit report delivered  
25 to the commission pursuant to section 10-2442. The fee shall be  
26 determined by a majority vote of the commissioners.

27 M. A PERSON WHO IS ESTABLISHING A NEW BUSINESS AS DEFINED IN  
28 SECTION 41-710.02 IS EXEMPT FROM THE FILING FEES REQUIRED BY THIS SECTION.

29 ~~M.~~ N. For the purposes of this section, "supermajority" means an  
30 affirmative vote of at least four commissioners.

31 Sec. 2. Section 41-126, Arizona Revised Statutes, is amended to  
32 read:

33 41-126. Fees; expedited services; exemption

34 A. The secretary of state shall receive the following fees:

35 1. Making a copy of any document on file in ~~his~~ THE SECRETARY OF  
36 STATE'S office, ~~no~~ NOT more than ~~ten cents~~ \$.10 for each page or partial  
37 page.

38 2. Filing and recording each application to become a notary public  
39 and transmitting a commission for a notary public, ~~no~~ NOT more than  
40 ~~twenty-five dollars~~ \$25.

41 3. Filing an application for registration or renewal of the  
42 registration of a trademark or recording an assignment of a trademark,  
43 ~~fifteen dollars~~ \$15.

- 1           4. Filing an application for registration or renewal of the  
2 registration of a trade name or recording an assignment of a trade name,  
3 ~~no NOT~~ more than ~~ten dollars~~ \$10.
- 4           5. Issuing a certificate of registration of a trademark or a trade  
5 name, ~~no NOT~~ more than ~~three dollars~~ \$3.
- 6           6. Filing, as required by the uniform commercial code:  
7           (a) A financing statement, ~~no NOT~~ more than ~~three dollars~~ \$3.  
8           (b) An amendment to a financing statement, ~~no NOT~~ more than ~~three~~  
9 ~~dollars~~ \$3.
- 10           (c) An assignment, ~~no NOT~~ more than ~~three dollars~~ \$3.  
11           (d) A continuation statement, ~~no NOT~~ more than ~~three dollars~~ \$3.  
12           (e) A statement of release, ~~no NOT~~ more than ~~two dollars~~ \$2.  
13           (f) A termination statement, ~~no NOT~~ more than ~~two dollars~~ \$2.
- 14           7. Issuing a certificate as provided in section 44-3146 naming a  
15 particular debtor, ~~no NOT~~ more than ~~six dollars~~ \$6.
- 16           8. Making a copy of a filed financing statement, ~~no NOT~~ more than  
17 ~~fifty cents~~ \$.50 per page.
- 18           9. Certifying a copy of a writing specified in paragraphs 6, 7 and  
19 8 of this subsection, ~~no NOT~~ more than ~~three dollars~~ \$3.
- 20           10. Filing, recording or certifying any other document not  
21 specified in this section, ~~no NOT~~ more than ~~three dollars~~ \$3.
- 22           11. Filing the oath and bond of notary public, ~~eighteen~~  
23 ~~dollars~~ \$18.
- 24           12. Issuing a certificate as to official capacity of a notary  
25 public and affixing a seal to the certificate, ~~eighteen dollars~~ \$18.
- 26           B. The secretary of state shall provide for and establish an  
27 expedited service for the processing of requests, applications, filings  
28 and searches as follows:  
29           1. The expedited processing shall be a priority effected in a fast  
30 and efficient manner.  
31           2. A fee shall be charged for expedited services. This fee shall  
32 not exceed ~~twenty-five dollars~~ \$25 per service and ~~shall be~~ IS in addition  
33 to any other fees provided by law, including those set forth in subsection  
34 A of this section.
- 35           C. The secretary of state shall adopt rules necessary to carry out  
36 subsection B of this section.
- 37           D. A NEW BUSINESS AS DEFINED IN SECTION 41-710.02 OR A PERSON WHO  
38 IS ESTABLISHING A NEW BUSINESS AS DEFINED IN SECTION 41-710.02 IS EXEMPT  
39 FROM THE FEES REQUIRED BY THIS SECTION.
- 40           Sec. 3. Title 41, chapter 4, article 1, Arizona Revised Statutes,  
41 is amended by adding section 41-710.02, to read:  
42           41-710.02. New businesses; state contracts; fee waivers;  
43 report; definition
- 44           A. BEGINNING JANUARY 1, 2024, THE DEPARTMENT SHALL DO THE  
45 FOLLOWING:

1 1. BE ENCOURAGED TO AWARD FIVE PERCENT OF THE TOTAL NUMBER OF STATE  
2 CONTRACTS ENTERED INTO EACH YEAR TO NEW BUSINESSES. FOR THE PURPOSES OF  
3 THIS PARAGRAPH, THE DEPARTMENT SHALL EVALUATE LOWERING BARRIERS FOR NEW  
4 BUSINESSES TO COMPETE FOR STATE CONTRACTS THROUGH METHODS SUCH AS REDUCING  
5 THE TIME FOR APPROVING A CONTRACT, REDUCING THE TIME FOR PAYMENT OF  
6 SERVICES RENDERED IN A CONTRACT, MARKETING AND OUTREACH TO NEW BUSINESSES,  
7 PRIORITIZING INNOVATION AS A SELECTION FACTOR, MEASURING PAST PERFORMANCE  
8 BASED ON NON-STATE CUSTOMERS AND TRAINING AND EDUCATING NEW BUSINESSES.  
9 THIS PARAGRAPH DOES NOT REQUIRE THE DEPARTMENT TO AWARD FIVE PERCENT OF  
10 THE TOTAL NUMBER OF STATE CONTRACTS ENTERED INTO EACH YEAR TO NEW  
11 BUSINESSES.

12 2. SUBMIT A REPORT ON OR BEFORE DECEMBER 31 OF EACH YEAR TO THE  
13 GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF  
14 REPRESENTATIVES ON THE FOLLOWING INFORMATION:

15 (a) THE TOTAL NUMBER OF STATE CONTRACTS AWARDED IN THE PRIOR YEAR  
16 AND THE NUMBER OF CONTRACTS AWARDED TO NEW BUSINESSES.

17 (b) THE TOTAL DOLLAR AMOUNT OF ALL CONTRACTS AWARDED IN THE PRIOR  
18 YEAR AND THE DOLLAR AMOUNT OF ALL CONTRACTS AWARDED TO NEW BUSINESSES.

19 (c) ANY ACTIONS TAKEN TO REDUCE BARRIERS FOR NEW BUSINESSES TO  
20 COMPETE FOR STATE CONTRACTS.

21 (d) ANY RECOMMENDATIONS TO IMPROVE ACCESS TO STATE CONTRACTS FOR  
22 NEW BUSINESSES.

23 3. PROVIDE A COPY OF THE REPORT REQUIRED BY PARAGRAPH 2 OF THIS  
24 SUBSECTION TO THE SECRETARY OF STATE AND POST THE INFORMATION ON THE  
25 DEPARTMENT'S PUBLIC WEBSITE.

26 B. FOR THE PURPOSES OF THIS SECTION, "NEW BUSINESS":

27 1. MEANS A BUSINESS ENTITY THAT HAS BEEN IN OPERATION FOR LESS THAN  
28 FIVE YEARS AND WHOSE PRINCIPAL PLACE OF BUSINESS IS LOCATED IN THIS STATE.

29 2. DOES NOT INCLUDE ANY BUSINESS ENTITY THAT DISSOLVES OR OTHERWISE  
30 TERMINATES BUSINESS OPERATIONS AND THAT REINCORPORATES OR OTHERWISE  
31 REINITIATES BUSINESS OPERATIONS IN THIS STATE ON OR AFTER THE EFFECTIVE  
32 DATE OF THIS SECTION.

33 Sec. 4. Section 42-5005, Arizona Revised Statutes, is amended to  
34 read:

35 42-5005. Transaction privilege tax and municipal privilege  
36 tax licenses; fees; renewal; revocation;  
37 violation; classification

38 A. Every person who receives gross proceeds of sales or gross  
39 income on which a transaction privilege tax is imposed by this article and  
40 who desires to engage or continue in business shall apply to the  
41 department for an annual transaction privilege tax license accompanied by  
42 a fee of \$12. A person shall not engage or continue in business until the  
43 person has obtained a transaction privilege tax license. A NEW BUSINESS  
44 AS DEFINED IN SECTION 41-710.02 OR A PERSON WHO IS ESTABLISHING A NEW

1 BUSINESS AS DEFINED IN SECTION 41-710.02 IS EXEMPT FROM THE FEE REQUIRED  
2 BY THIS SUBSECTION.

3 B. A person desiring to engage or continue in business within a  
4 city or town that imposes a municipal privilege tax shall apply to the  
5 department of revenue for an annual municipal privilege tax license  
6 accompanied by a fee of up to \$50, as established by ordinance of the city  
7 or town. The person shall submit the fee with each new license  
8 application. The person may not engage or continue in business until the  
9 person has obtained a municipal privilege tax license. The department  
10 must collect, hold, pay and manage the fees in trust for the city or town  
11 and may not use the monies for any other purposes. The fee imposed by  
12 this subsection does not apply to a marketplace facilitator or remote  
13 seller that is only required to obtain a transaction privilege tax license  
14 pursuant to section 42-5043.

15 C. A transaction privilege tax license is valid only for the  
16 calendar year in which it is issued, but it may be renewed for the  
17 following calendar year. There is no fee for the renewal of the  
18 transaction privilege tax license. The transaction privilege tax license  
19 must be renewed at the same time and in the manner as the municipal  
20 privilege tax license renewal.

21 D. A municipal privilege tax license is valid only for the calendar  
22 year in which it is issued, but it may be renewed for the following  
23 calendar year by the payment of a license renewal fee of up to \$50. The  
24 renewal fee is due and payable on January 1 and is considered delinquent  
25 if not received on or before the last business day of January. The  
26 department must collect, hold, pay and manage the fees in trust for the  
27 city or town and may not use the monies for any other purposes. The  
28 renewal fee imposed by this subsection does not apply to a marketplace  
29 facilitator or remote seller that is only required to obtain a transaction  
30 privilege tax license pursuant to section 42-5043.

31 E. A licensee that remains in business after the municipal  
32 privilege tax license has expired is subject to the payment of the license  
33 renewal fee and the civil penalty prescribed in section 42-1125,  
34 subsection R.

35 F. If the applicant is not in arrears in payment of any tax imposed  
36 by this article, the department shall issue a license authorizing the  
37 applicant to engage and continue in business on the condition that the  
38 applicant complies with this article. The license number shall be  
39 continuous.

40 G. The transaction privilege tax license and the municipal  
41 privilege tax license are not transferable on a complete change of  
42 ownership or change of location of the business. For the purposes of this  
43 subsection:

1           1. "Location" means the business address appearing in the  
2 application for the license and on the transaction privilege tax or  
3 municipal privilege tax license.

4           2. "Ownership" means any right, title or interest in the business.

5           3. "Transferable" means the ability to convey or change the right  
6 or privilege to engage or continue in business by virtue of the issuance  
7 of the transaction privilege tax or municipal privilege tax license.

8           H. When the ownership or location of a business on which a  
9 transaction privilege tax or municipal privilege tax is imposed has been  
10 changed within the meaning of subsection G of this section, the licensee  
11 shall surrender the license to the department. The license shall be  
12 reissued to the new owners or for the new location on application by the  
13 taxpayer and payment of the \$12 fee for a transaction privilege tax  
14 license and a fee of up to \$50 per jurisdiction for a municipal privilege  
15 tax license. The department must collect, hold, pay and manage the fees  
16 in trust for the city or town and may not use the monies for any other  
17 purposes.

18           I. A person who is engaged in or conducting a business in two or  
19 more locations or under two or more business names shall procure a  
20 transaction privilege tax license for each location or business name  
21 regardless of whether all locations or business names are reported on a  
22 consolidated return under a single transaction privilege tax license  
23 number. This requirement shall not be construed as conflicting with  
24 section 42-5020.

25           J. A person who is engaged in or conducting a business in two or  
26 more locations or under two or more business names shall procure a  
27 municipal privilege tax license for each location or business name  
28 regardless of whether all locations or business names are reported on a  
29 consolidated return.

30           K. A person who is engaged in or conducting business at two or more  
31 locations or under two or more business names and who files a consolidated  
32 return under a single transaction privilege tax license number as provided  
33 by section 42-5020 is required to pay only a single municipal privilege  
34 tax license renewal fee for each local jurisdiction pursuant to subsection  
35 D of this section. A person who is engaged in or conducting business at  
36 two or more locations or under two or more business names and who does not  
37 file a consolidated return under a single license number is required to  
38 pay a license renewal fee for each location or license in a local  
39 jurisdiction.

40           L. For the purposes of this chapter and chapter 6 of this title:

41           1. Through December 31, 2018, an online lodging marketplace, as  
42 defined in section 42-5076, may register with the department for a license  
43 for the payment of taxes levied by this state and one or more counties,  
44 cities, towns or special taxing districts, at the election of the online  
45 lodging marketplace, for taxes due from an online lodging operator on any



1 online lodging transaction facilitated by the online lodging marketplace,  
2 subject to sections 42-5076 and 42-6009.

3 2. Beginning from and after December 31, 2018, an online lodging  
4 marketplace, as defined in section 42-5076, shall register with the  
5 department for a license for the payment of taxes levied by this state and  
6 one or more counties, cities, towns or special taxing districts for taxes  
7 due from an online lodging operator on any online lodging transaction  
8 facilitated by the online lodging marketplace, subject to sections 42-5076  
9 and 42-6009.

10 M. For the purposes of this chapter and chapter 6 of this title, a  
11 person who is licensed pursuant to title 32, chapter 20 and who files an  
12 electronic consolidated tax return for individual real properties under  
13 management on behalf of the property owners may be licensed with the  
14 department for the payment of taxes levied by this state and by any  
15 county, city or town with respect to those properties. There is no fee  
16 for a license issued pursuant to this subsection.

17 N. For the purposes of this chapter, a peer-to-peer car sharing  
18 program shall register with the department for a license for the payment  
19 of taxes levied by this state and one or more counties, cities, towns or  
20 special districts for taxes due from a shared vehicle owner on any shared  
21 vehicle transaction facilitated by the peer-to-peer car sharing program,  
22 subject to the limitations in section 28-9616. A peer-to-peer car sharing  
23 program shall remit the surcharges established pursuant to sections 5-839  
24 and 48-4234 only if the peer-to-peer car sharing program allows shared  
25 vehicle transactions that involve a vehicle for which the shared vehicle  
26 owner has not certified to the department pursuant to section 28-9616,  
27 subsection C that it is an individual-owned shared vehicle. For the  
28 purposes of this subsection, "individual-owned shared vehicle",  
29 "peer-to-peer car sharing program", "shared vehicle owner" and "shared  
30 vehicle transaction" have the same meanings prescribed in section 28-9601.

31 O. If a person violates this article or any rule adopted under this  
32 article, the department upon hearing may revoke any transaction privilege  
33 tax or municipal privilege tax license issued to the person. The  
34 department shall provide ten days' written notice of the hearing, stating  
35 the time and place and requiring the person to appear and show cause why  
36 the license or licenses should not be revoked. The department shall  
37 provide written notice to the person of the revocation of the license.  
38 The notices may be served personally or by mail pursuant to section  
39 42-5037. After revocation, the department shall not issue a new license  
40 to the person unless the person presents evidence satisfactory to the  
41 department that the person will comply with this article and with the  
42 rules adopted under this article. The department may prescribe the terms  
43 under which a revoked license may be reissued.

1           P. The department may revoke any transaction privilege tax or  
2 municipal privilege tax license issued to any person who fails for  
3 thirteen consecutive months to make and file a return required by this  
4 article on or before the due date or the due date as extended by the  
5 department unless the failure is due to a reasonable cause and not due to  
6 wilful neglect.

7           Q. A person who violates any provision of this section is guilty of  
8 a class 3 misdemeanor.