

House Engrossed Senate Bill

~~regents; officers; technical correction~~
(now: municipal tax code commission; continuation)

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

CHAPTER 192
SENATE BILL 1189

AN ACT

REPEALING SECTION 41-3023.09, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3027.06; AMENDING SECTION 42-6052, ARIZONA REVISED STATUTES; RELATING TO THE MUNICIPAL TAX CODE COMMISSION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Repeal

3 Section 41-3023.09, Arizona Revised Statutes, is repealed.

4 Sec. 2. Title 41, chapter 27, article 2, Arizona Revised Statutes,
5 is amended by adding section 41-3027.06, to read:

6 41-3027.06. Municipal tax code commission; termination
7 July 1, 2027

8 A. THE MUNICIPAL TAX CODE COMMISSION TERMINATES ON JULY 1, 2027.

9 B. SECTION 42-6052 AND THIS SECTION ARE REPEALED ON JANUARY 1,
10 2028.

11 Sec. 3. Section 42-6052, Arizona Revised Statutes, is amended to
12 read:

13 42-6052. Municipal tax code commission; members; meetings;
14 model city tax code; official copy; review and
15 comment on proposed amendments; annual report

16 A. The municipal tax code commission is established consisting of
17 the director ~~of the department of revenue~~, or the director's
18 representative, as an ex officio member without the power to vote and nine
19 members who are mayors or members of the governing bodies of cities or
20 towns that have adopted the model city tax code and who are appointed as
21 follows:

22 1. Five members appointed by the governor.

23 2. Two members appointed by the president of the senate.

24 3. Two members appointed by the speaker of the house of
25 representatives.

26 B. Not more than two members of the commission may be from the same
27 city or town. The commission shall annually elect a ~~chairman~~ CHAIRPERSON
28 from among its members. Appointive members shall serve terms of three
29 years. Members of the commission are not eligible for compensation for
30 their services.

31 C. The commission shall meet on the call of the ~~chairman~~
32 CHAIRPERSON, in response to any proposed amendment pursuant to subsection
33 E of this section or at the request of four or more of its members.

34 D. The department ~~of revenue~~ shall:

35 1. Maintain the official copy of the model city tax code.

36 2. INCORPORATE CHANGES TO THE MODEL CITY TAX CODE THAT ARE REQUIRED
37 TO CONFORM THE MODEL CITY TAX CODE WITH A STATUTORY CHANGE WITHIN THIRTY
38 DAYS OF THE EFFECTIVE DATE OF THE STATUTORY CHANGE.

39 ~~2.~~ 3. Post the official copy on the department's official website.

40 ~~3.~~ 4. Maintain a mailing list for meeting notices, send required
41 notices and provide staff support and meeting accommodations for the
42 commission. All notices under this paragraph may be delivered by either
43 physical mail or email and shall be delivered within the time frames
44 prescribed in this section.

1 E. At least sixty days before the commission adopts any amendment
2 to the model city tax code, a city or town, a taxpayer or the department
3 ~~of revenue~~ shall submit the proposed amendment to the commission to review
4 and consider for adoption. The department shall post the proposed
5 amendment, meeting notice and meeting agenda on the department's official
6 website at least thirty days before the informational public hearing
7 required under subsection F of this section and at least sixty days before
8 the public hearing for consideration to adopt the proposed amendment
9 required under subsection G of this section.

10 F. At least thirty days after receiving a proposed amendment, and
11 at the request of a city or town, a taxpayer or the department ~~of revenue~~,
12 the commission shall hold an informational public hearing to review and
13 receive comments on the proposed amendment. The department shall provide
14 a legal analysis of the proposed amendment to the commission at the
15 hearing. The commission shall consider any information and testimony
16 presented at the hearing, may require changes to the language presented at
17 the hearing and may require changes to the language presented by the
18 city, ~~OR~~ town, taxpayer or department. The department shall post the
19 proposed amendment with any required changes on the department's official
20 website not later than five days after the date of the informational
21 public hearing.

22 G. At least sixty days after the commission receives a proposed
23 amendment pursuant to subsection E of this section, the commission shall
24 hold a public hearing to consider any information and testimony presented
25 at the informational public hearing, if one was requested under
26 subsection F **OF THIS SECTION**, and to consider adopting the proposed
27 amendment. **BEGINNING FROM AND AFTER THE EFFECTIVE DATE OF THE AMENDMENT**
28 **TO THIS SECTION, A TWO-THIRDS VOTE OF THE COMMISSION IS REQUIRED TO ADOPT**
29 **A PROPOSED AMENDMENT TO THE MODEL CITY TAX CODE THAT EITHER REPEALS A**
30 **MODEL OR LOCAL OPTION THAT PROVIDES AN EXEMPTION FROM TAXATION OR WHICH**
31 **EXPANDS THE TYPES OF BUSINESS ACTIVITIES THAT ARE CONSIDERED TAXABLE.** If
32 the commission adopts the proposed amendment, the department ~~of revenue~~
33 shall update the official copy of the model city tax code to reflect the
34 amendment adopted by the commission not later than ten days after the
35 commission adopts the amendment. Any changes that are not reflected in
36 the official copy posted on the department's official website are void and
37 have no effect.

38 H. All cities and towns shall adopt the changes to the model city
39 tax code adopted by the commission. This requirement does not prohibit
40 the commission from recommending a model or local option or changes to a
41 model or local option contained in the model city tax code to be adopted
42 only by those cities and towns that choose the option or from approving a
43 change submitted by a city or town that does not apply to any other city
44 or town. The city or town may not adopt an amendment to any provision of
45 the model city tax code unless the commission has adopted the amendment **OR**

1 THE AMENDMENT IS A RESULT OF A STATUTORY CHANGE INCORPORATED PURSUANT TO
2 SUBSECTION D, PARAGRAPH 2 OF THIS SECTION.

3 I. Changes in rates of tax are not subject to review OR APPROVAL BY
4 THE COMMISSION, but within ten days after passage of an ordinance imposing
5 a rate change:

6 1. The city or town imposing a new or different tax rate shall
7 notify the commission and the department ~~of revenue~~. Failure of a city or
8 town to notify the commission and the department renders the new or
9 different tax rate void and ~~of~~ HAS no effect. For the purposes of this
10 paragraph, "new or different tax rate" means the adoption or repeal of a
11 model or local option or any change that increases the amount of tax a
12 taxpayer must pay to a city or town.

13 2. The official copy of the model city tax code must reflect the
14 change. Any change not reflected in the official copy of the model city
15 tax code is void and has no effect.

16 J. The commission shall prepare a report and deliver the report to
17 the governor, the president of the senate and the speaker of the house of
18 representatives before January 1 each year.

19 Sec. 4. Purpose

20 Pursuant to section 41-2955, subsection B, Arizona Revised Statutes,
21 the legislature continues the municipal tax code commission to promote
22 uniformity and consistency among the excise tax bases of the
23 municipalities through the model city tax code and to provide a forum for
24 both taxpayers and municipalities to present recommendations for changes
25 to the code and to listen to general taxpayer concerns.

26 Sec. 5. Retroactivity

27 Sections 1 and 2 of this act apply retroactively to from and after
28 July 1, 2023.

APPROVED BY THE GOVERNOR JUNE 20, 2023.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 20, 2023.