



ARIZONA STATE SENATE
Fifty-Sixth Legislature, Second Regular Session

AMENDED
FACT SHEET FOR S.B. 1370

youth businesses; licenses; tax; exemption

Purpose

Prohibits a municipality or county from requiring a license or permit for a business that operates occasionally by a person under 19 years of age. Creates a transaction privilege tax (TPT) exemption.

Background

Arizona TPT, commonly referred to as a sales tax, is a tax on vendors for the privilege of doing business in Arizona. A person who desires to engage or continue in business and who receives gross proceeds of sales or gross income subject to TPT must annually apply to the Arizona Department of Revenue (ADOR) for a TPT license. *Gross proceeds of sales* are the value proceeding or accruing from the sale of tangible personal property without any deduction on account of the cost of property sold, expense of any kind or losses, but cash discounts allowed and taken on sales are not included as gross income. *Gross income* is the gross receipts of a taxpayer derived from trade, business, commerce or sales and the value proceeding or accruing from the sale of tangible personal property or service, or both, and without any deduction on account of losses. ADOR collects and administers TPT and affiliated excise taxes imposed by cities and towns, including use tax, severance tax, jet fuel excise tax and rental occupancy tax. ADOR and each city or town must enter into an intergovernmental contract or agreement to provide a uniform method of administration, collection, audit and licensing of TPT and affiliated excise taxes (A.R.S. §§ [11-952](#); [42-5001](#); [42-5005](#); and [42-6001](#)).

A common council, within the limits of the municipality, may: 1) authorize clerks to issue licenses; 2) fix the amount of license taxes to be paid by any person, firm, corporation or association for carrying on any business, game or amusement, calling, profession or occupation; and 3) prescribe the method of collection or payment of the taxes and fix penalties for failure to comply by fine or imprisonment, or both. A municipality may not levy an occupational license or fee on any activity when Arizona laws preclude levying such a license or fee ([A.R.S. § 9-240](#)).

If the TPT exemption results in a change to TPT revenues, there may be a fiscal impact to the state General Fund.

Provisions

1. Prohibits a municipality or county from requiring any type of license or permit for a business that operates only occasionally by a person who is under 19 years of age.

2. Exempts a person who is under 19 years of age from the requirement to obtain a TPT license and pay TPT, use tax and local excise taxes, if the person's business gross proceeds of sales or gross income is less than \$10,000 per calendar year.
3. Becomes effective on the general effective date.

Amendments Adopted by the House of Representatives

1. Applies the business license and TPT exemptions to a business operated occasionally by a person who is under 19 years of age, rather than a person who is under 18 years of age or who has not graduated from high school.
2. Makes technical changes.

Senate Action

GOV 2/7/24 DP
3rd Read 2/15/24

5-3-0
16-10-4

House Action

WM 2/28/24 DP
3rd Read 4/24/24

6-1-2-1
36-24-0

Prepared by Senate Research

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JT/AB/slp