



## Legislation Details (With Text)

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**Title:** AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH THE ARIZONA DEPARTMENT OF REVENUE FOR ISSUANCE OF ANNUAL AND RENEWAL MUNICIPAL PRIVILEGE TAX LICENSES  
Staff Contact: Tom Duensing, Director, Finance and Technology

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Date	Ver.	Action By	Action	Result
12/18/2014	1	City Council	approved	Pass

**AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH THE ARIZONA DEPARTMENT OF REVENUE FOR ISSUANCE OF ANNUAL AND RENEWAL MUNICIPAL PRIVILEGE TAX LICENSES**

Staff Contact: Tom Duensing, Director, Finance and Technology

**Purpose and Recommended Action**

This is a request for City Council to waive reading beyond the title and adopt a resolution authorizing the City Manager to enter into an agreement with the Arizona Department of Revenue to allow the City to perform municipal licensing services on behalf of the Department of Revenue.

**Background**

In June 2013, Governor Brewer signed into law House Bill (HB) 2111 with an implementation date of January 1, 2015. In 2014, HB 2389 adopted several statutory changes as a clean-up amendment to HB 2111. The intent of this legislation is to simplify and centralize transaction privilege (sales) tax administration for businesses operating in Arizona. Upon full implementation, responsibility for tax licensing, remittance, collection, and return processing will shift from the City to the Department of Revenue (DOR). In addition, this legislation includes provisions for sales tax auditing to be coordinated by the State and makes changes to the taxability of Prime Contracting.

In October 2014, the implementation of portions of this legislation was delayed to January 1, 2016 as thorough DOR technology system upgrades and testing need to be completed. Due to this delay, this agreement is necessary for the City to continue to license and collect the sales tax from Glendale businesses for one additional year. The changes to auditing and Prime Contracting will move forward on the original implementation date of January 1, 2015.

**Analysis**

This agreement with the DOR is necessary to allow the City to continue to license taxable businesses during 2015 and allows the delay of full implementation of the provisions of HB 2111 and HB 2389 until January 2016.

Glendale is one of 18 “self-collecting” cities in Arizona was impacted by this legislation. Other cities impacted are Apache Junction, Avondale, Bullhead City, Chandler, Douglas, Flagstaff, Mesa, Nogales, Peoria, Phoenix, Prescott, Scottsdale, Sedona, Somerton, Tempe, Tucson, and Willcox. Each of these cities has been asked to enter into agreements with DOR. Information about the sales tax simplification tax reform bill was provided to Council on October 16, 2014.

### **Community Benefit/Public Involvement**

Upon full implementation, House Bills 2111 and 2389 will simplify and centralize the collection and administration of sales tax remittance for Arizona businesses. In the interim, this agreement will allow the City to continue to license taxpayers for one additional year.

### **Budget and Financial Impacts**

There is no financial impact with the execution of this agreement.