LEGISLATIVE CHANGES DURING THE 2013 LEGISLATIVE SESSION

New TPT Exemptions & Deductions

- Ignition Interlock Devices (SB 1179)
  - Personal property rental classification & city tax
  - Retroactive to 9/1/2004
  - Aggregate cap of $10,000
- Qualified Destination Management Companies (SB 1179)
  - Coordinating, designing and implementing delivery of 4 of the following:
    - Transportation, entertainment, food or beverage, recreation or amusements, tours, event venue, theme decor
  - Considered the final consumer
  - Gross proceeds not subject to tax
  - Retroactive to 1/1/2002
  - Aggregate cap of $10,000

New TPT Exemptions & Deductions

- Energy Drinks (SB 1179)
  - Food for Home Consumption Statutes Modified
  - Supplemental Nutrition Assistance Act of 2008
- Ready-to-drink, Non-alcoholic beverages
- Closed and Sealed Bottle, Can or Carton
- Retroactive to 1/1/02
- Aggregate cap of $10,000

New TPT Exemptions & Deductions

- Cash Equivalents (HB 2336)
  - 3rd Party Gift Cards, Money Orders, Traveler's Checks
  - Retroactive to 1/1/1999
  - Aggregate cap of $10,000
- Orthodontic Devices (HB 2259)
  - City Audit Issue
  - Retroactive to 10/1/2007
- Leases Between Affiliated Companies (HB 2324)
  - 80% direct/indirect ownership

New TPT Exemptions & Deductions

- Computer Data Center Equipment (HB 2009, 1st S.S)
  - Qualified by the AZ Commerce Authority
  - Either a 10 year or 20 year qualifying period
    - Sustainable Redevelopment Project
- Minimum Investment Thresholds
  - $50M in Maricopa or Pima County
  - $25M in any other County
  - $250M over 5 years in past expenditures for an existing CDC

New TPT Exemptions & Deductions

- Independent Functional Utility (HB 2535)
  - Machinery & Equipment that performs its Function w/o attachment to real property
  - Prime Contraction Classification
  - Retroactive to 7/1/1997 to replace "permanent attachment" language
  - Longstanding Legal Disputes with taxpayers
  - Cannot apply retroactive application in refund cases, except under the $10k cap.

Income Tax Provisions

- HB 2531 – Section 179 Expensing
  - Amounts > $25,000 no longer required as an add back to AZ AGI
  - Beginning in tax year 2014
- SB 1168 – Internal Revenue Conformity
  - One-time credit on 2013 Return for IRA Contributions for employees of bankrupt airlines for years 2001-2011

Income Tax Provisions

- Qualified Foster Care Organizations (HB 2009, 1st S.S)
  - Taxpayers are now able to make cash contributions to a Qualified Foster Care Charitable Organization (QFCO).
    - Contributions to a QFCO allows taxpayers to claim double the previous credit amount. $400 (S, HoH, MFS) or $800 (MFJ).
- To become a QFCO, the organization must first meet all requirements to be a QCO.
- In addition a QCO must:
  - Provide services to at least 200 foster children in Arizona.
  - Spend at least 50% of its budget on services to foster children in Arizona.

Income Tax Provisions

- SB 1179 – Tax Incentives; Omnibus
  - § 529 College Savings Plans
    - Eligible contribution amount doubled to $1500 single and $4000 mfj
- Qualifying Charitable Organizations
    - Taxpayers claiming the standard deduction are now eligible
- Market-based Corporate Income Tax Apportionment for Education Services
  - Expanded to include a taxpayer with a campus with 2000 students in residence.

Income Tax Provisions

- Preexisting Enterprise Zone Credit Qualification
  - Taxpayers eligible for a 1st year credit no longer have to apply for certification with the Commerce Authority for 2nd and 3rd year eligibility

SB 1312 - Tobacco Enforcement

- Commercial Use of Roll You Own Tobacco Machines is prohibited
  - Does not include RYO machines for personal use or those licensed by the federal government
- Class 3 Misdemeanor
- Unlawful machines and related tobacco products can be seized.
  - Forfeited tobacco products

Property Tax Provisions

- HB2344 - Providing for a Temporary Waiver of a Property Tax Penalty. Retroactive to, July 1, 2012through June 30, 2014.
- HB2033 - Relating to Trustees' Sales. Beneficiary's declaration of payment based on private mortgage insurance in addition to the proceeds received from the trustee's sale within 6 months after the date of trustee's sale. Copy of form can be downloaded at http://www.azdor.gov/Forms/Property.aspx

Property Tax Provisions

- SB1266 - Amends HB 2033 to require trustee sale beneficiary to report additional compensation received within 3 months after date of the trustee's sale.
- HB2346 - Relating to Valuation of Centrally Assessed Property. Adds §42-14159 "Computing calculation of distributive cooperatives; standard market factor; definition", to Title 42, chapter 14, article 4.

Property Tax Provisions

- SB1169 - all taxes based on the LPV which cannot increase by more than 5% per year. Brings statutes ARS 42-13301 (etc.) into conformity with Prop. 117. Changes to ARS 42-11001, 42-11111, 42-13301, 42-15005, 42-15010, and 42-15252 apply beginning tax year 2015.
- SB1179 - Amends ARS 42-12006, class 6 properties, to allow for manufacturing motor vehicle bio-fuels and provides definition.