



Transaction Privilege Tax Changes and News

This publication is an informational notice for November 2010.

CITY OF BENSON - REPEAL

Effective September 1, 2010: On September 13, 2010, the Mayor and Common Council of the City of Benson passed Ordinance Number 547. Ordinance 547 amends the Benson City Code by repealing Ordinance 544, the Ordinance that enacted the tax increase on the Hotels/Motel Additional Tax from **two percent (2.0%)** to **four percent (4.0%)**. **The Town is aware of the prior notification that has already been distributed by the Arizona Department of Revenue to taxpayers regarding the rate increase and has personally contacted affected taxpayers to inform them of the repeal of the increase.**

Ordinances 547 tax rate increase repeal effects the following classification:

Rental, leasing and licensing for use of real property: additional tax upon transient lodging.

Taxpayers should continue the Hotel/Motel (Additional Tax) Classification (**BS 001**) at **two percent (2.0%)**.

CITY OF DOUGLAS

Effective for the reporting period beginning October 1, 2010: Douglas will no longer be a program city in the Cities Program with the Arizona Department of Revenue.

The Department of Revenue will no longer be administering Douglas's transaction privilege tax program; however the department will continue to collect those taxes due to the city and any remaining unpaid liabilities for the months prior to September 30, 2010.

Beginning October 1, 2010, Douglas will administer and collect its own transaction privilege tax. Please contact the Douglas City Finance Manager, Luis Pedroza, at 520-417-7333 if you have questions or need further information.

TOWN OF BUCKEYE

Effective October 1, 2010: On June 14, 2010, the Mayor and Common Council of the Town of Buckeye passed Ordinance Number 23-10. Ordinance 23-10 increases the general rate of taxation from **two percent (2.0%)** to **three percent (3.0%)**. The general rate increase will **NOT** include Construction Contracting or Telecommunications. Construction Contracting will continue to be reported under BE 015 at **three percent (3.0%)**. and Telecommunications will continue to report under BE 007 at **four percent (4.0%)**.

Ordinance 23-10 tax rate increase affects the following classifications:

Advertising, Amusements, Feed at wholesale, Job printing, Manufactured buildings, Timbering and other extraction, Publishing and periodicals distribution, Hotels, Rental, leasing and licensing for use of real property, Rental, leasing and licensing for use of tangible personal property, Restaurants and bars, Retail sales, Transporting of hire and Utility services.

The ordinance effects the Transaction Privilege Tax Classification (**BE 000**).

TOWN OF FOUNTAIN HILLS

Effective October 1, 2010: On June 17, 2010, the Mayor and Common Council of the Town of Fountain Hills passed Ordinance Number 10-02. Ordinance 10-02 increases the additional tax on Hotels/Motels from **three percent (3.0%)** to **four percent (4.0%)**. *Contracts entered into prior to the effective date of October 1, 2010 will continue to report at the rate of three percent (3.0%).*

Ordinances 10-02 tax rate increase affects the following classification:

Rental, leasing and licensing for use of real property: additional tax upon transient lodging.

The ordinance change creates the Hotel/Motel (Additional Tax) Classification (**FH 025**) and contracts entered into the effective date will continue to report under the Hotel/Motel (Additional Tax) Classification, *Contracts entered into prior to 10/01/2010* (**FH 003**).

TOWN OF JEROME

Effective October 1, 2010: On June 8, 2010, the Mayor and Common Council of the Town of Jerome passed Ordinance Number 373. Ordinance 373 amends the Jerome Town Code by removing the residential rental property exemption. Ordinance 373 will remove Local Option S from the Town's Code, creating a transaction privilege tax on residential rental property of **three and one-half percent (3.5%)**.

Ordinances 373 tax rate change affects the following classification:

Rental, leasing and licensing for use of real property.

The ordinance creates the Residential Rental Classification (**JO 013**).

On August 10, 2010, the Mayor and Common Council of the Town of Jerome passed Ordinance Numbers 375 & 376. Ordinances 375 & 376 Amends the Jerome Town Code by adopting Model Option 5B, thus removing exemption for any lodging rental.

TOWN OF GILBERT

Effective October 1, 2010: On July 27, 2010, the Mayor and Common Council of the Town of Gilbert passed Ordinance Number 2294. Ordinance 2294 amends the Gilbert Town Code by adopting Model Option 5B, thus removing exemption for any lodging rental.

Ordinance 2294 tax exemption change affects the following classification:

Rental, leasing and licensing for use of real property.

Lodging rental income should continue to be reported under GB 000 at **one and one-half percent (1.5%)**.

EXPIRATION OF PRE-EXISTING CONTRACT CLASSES FOR 1% TEMPORARY TAX

Effective October 1, 2010: The pre-6/2010 classifications for pre existing contracts with respect to **written** contracts entered into **before** June 1, 2010 are no longer valid. These transactions have been reported under the following codes: 204; 205; 206; 207; 208; 209; 210; 211; 212; 214; 217; 225; and 237. All activity after September 30, 2010 will be subject to the rate that includes the 1% Temporary Tax. Use the following codes to report such transactions occurring beginning October 1, 2010:

- 004: Utilities
- 005: Communications
- 006: Transporting
- 007: Private (rail)Car
- 008: Pipelines
- 009: Publication
- 010: Job Printing
- 011: Restaurant & Bar
- 012: Amusements
- 014: Rental of Personal Property
- 017: Retail Contracts
- 025: Transient Lodging
- 037: Owner/Builder Contracts

Gross income received from Pre-existing **Prime Contracting** contracts will continue to be available for the duration of the contract and will be reported under Class 215. Change orders executed after May 18, 2010 are subject to the higher rate of 6.6% regardless of when the original contract was executed or when the change order process began.

CITY OF SEDONA

Effective for the reporting period beginning January 1, 2011: Sedona will no longer be a program city in the Cities Program with the Arizona Department of Revenue.

The Department of Revenue will no longer be administering Sedona's transaction privilege tax program; however the department will continue to collect those taxes due to the city and any remaining unpaid liabilities for the months prior to December 31, 2010.

Beginning January 1, 2011, Sedona will administer and collect its own transaction privilege tax. Please contact the Revenue Discovery Systems (RDS) RDS at 866-940-7660 if you have questions or need further information. Additional information can also be found at www.revds.com or www.SedonaAZ.gov. Lastly, taxpayers can also request additional information by emailing SalesTax@SedonaAZ.gov.