

Summary of Model City Tax Code Changes – 2011

Effective Date: June 1, 2011

The retail sale of food for human consumption and prosthetics are exempt from tax. Section 19-100: Definitions have been amended to:

- Clarifies that the definition of the term “Food” does not include edible products infused with medical marijuana.
- Clarifies that the definition of the term “Prosthetic” does not include medical marijuana.
- Creates a definition of the term “medical marijuana” referring to the existing definitions of “marijuana” and “medical use” in state statute (A.R.S. 36-2801).

Effective Date: July 29, 2010

Sections 19-415(b)(11), 19-416(c)(2)(c), and 19-417(c)(2)(c) exempt solar energy devices installed by contractors. It was to end before January 1, 2011. The amendment extends the exemption through December 31, 2016, which coincides with the State extension [A.R.S. 42-5075 (B)(14)].

A new Subsection 19-445(s) is added to incorporate HB2510 which prohibited cities and towns from taxing commercial rentals between two corporations when either the landlord or lessor corporation owns at least 80% of the voting stock of the other corporation. Also allows the exemption if a third corporation owns 80% of both the landlord and the lessor corporations, and treats a “reciprocal insurer” as if it were a corporation for purposes of the exemption. Reciprocal insurer “means an unincorporated aggregation of subscribers operating individually and collectively through an attorney-in-fact to provide reciprocal insurance among themselves”.

Effective Date: May 1, 2010

Section 19-595(c) addresses a successor’s liability for unpaid privilege tax involving improved real property acquired by creditors as a result of foreclosure, sale under trust deed, deed in lieu of foreclosure, or by any other means where the privilege tax has not been paid by the debtor. The amendment will allow for deferral of payment of the tax until the property is resold. The amendment also allows a tax credit for any tax paid by the debtor.

Effective Date: September 30, 2009

A new Subsection 19-660(39) is added to incorporate SB 1196, passed in the 2009 Legislative Session, that prohibits cities and town from imposing use tax on purchases made by school districts or charter schools.