

COMMITTEE ON FINANCE
SENATE AMENDMENTS TO H.B. 2332
(Reference to House engrossed bill)

1 Page 22, between lines 28 and 29, insert:

2 "Sec. 4. Section 42-5071, Arizona Revised Statutes, is amended to
3 read:

4 42-5071. Personal property rental classification

5 A. The personal property rental classification is comprised of the
6 business of leasing or renting tangible personal property for a
7 consideration. The tax does not apply to:

8 1. Leasing or renting films, tapes or slides used by theaters or
9 movies, which are engaged in business under the amusement classification, or
10 used by television stations or radio stations.

11 2. Activities engaged in by the Arizona exposition and state fair
12 board or county fair commissions in connection with events sponsored by such
13 entities.

14 3. Leasing or renting tangible personal property by a parent
15 corporation to a subsidiary corporation or by a subsidiary corporation to
16 another subsidiary of the same parent corporation if taxes were paid under
17 this chapter on the gross proceeds or gross income accruing from the initial
18 sale of the tangible personal property. For the purposes of this paragraph,
19 "subsidiary" means a corporation of which at least eighty per cent of the
20 voting shares are owned by the parent corporation.

21 4. Operating coin operated washing, drying and dry cleaning machines
22 or coin operated car washing machines at establishments for the use of such
23 machines.

24 5. Leasing or renting tangible personal property for incorporation
25 into or comprising any part of a qualified environmental technology facility
26 as described in section 41-1514.02. This paragraph shall apply for ten full
27 consecutive calendar or fiscal years following the initial lease or rental by
28 each qualified environmental technology manufacturer, producer or processor.

29 6. Leasing or renting aircraft, flight simulators or similar training
30 equipment to students or staff by nonprofit, accredited educational

1 institutions that offer associate or baccalaureate degrees in aviation or
2 aerospace related fields.

3 7. Leasing or renting photographs, transparencies or other creative
4 works used by this state on internet web sites, in magazines or in other
5 publications that encourage tourism.

6 B. The tax base for the personal property rental classification is the
7 gross proceeds of sales or gross income derived from the business, but the
8 gross proceeds of sales or gross income derived from the following shall be
9 deducted from the tax base:

10 1. Reimbursements by the lessee to the lessor of a motor vehicle for
11 payments by the lessor of the applicable fees and taxes imposed by sections
12 28-2003, 28-2352, 28-2402, 28-2481 and 28-5801, title 28, chapter 15,
13 article 2 and article IX, section 11, Constitution of Arizona, to the extent
14 such amounts are separately identified as such fees and taxes and are billed
15 to the lessee.

16 2. Leases or rentals of tangible personal property which, if it had
17 been purchased instead of leased or rented by the lessee, would have been
18 exempt under:

19 (a) Section 42-5061, subsection A, paragraph 8, 9, 12, 13, 25, 29, 50
20 or 55.

21 (b) Section 42-5061, subsection B, except that a lease or rental of
22 new machinery or equipment is not exempt pursuant to:

23 (i) Section 42-5061, subsection B, paragraph 13 if the lease is for
24 less than two years.

25 (ii) Section 42-5061, subsection B, paragraph 22 ~~if the lease is for~~
26 ~~less than five years.~~

27 (c) Section 42-5061, subsection J, paragraph 1.

28 (d) Section 42-5061, subsection N.

29 3. Motor vehicle fuel and use fuel that are subject to a tax imposed
30 under title 28, chapter 16, article 1, sales of use fuel to a holder of a
31 valid single trip use fuel tax permit issued under section 28-5739 and sales
32 of aviation fuel that are subject to the tax imposed under section 28-8344.

1 4. Leasing or renting a motor vehicle subject to and upon which the
2 fee has been paid under title 28, chapter 16, article 4.

3 5. Amounts received by a motor vehicle dealer for the first month of a
4 lease payment if the lease and the lease payment for the first month of the
5 lease are transferred to a third party leasing company.

6 C. Sales of tangible personal property to be leased or rented to a
7 person engaged in a business classified under the personal property rental
8 classification are deemed to be resale sales.

9 D. In computing the tax base, the gross proceeds of sales or gross
10 income from the lease or rental of a motor vehicle does not include any
11 amount attributable to the car rental surcharge under section 28-5810 or
12 48-4234.

13 E. Until December 31, 1988, leasing or renting animals for
14 recreational purposes is exempt from the tax imposed by this section.
15 Beginning January 1, 1989, the gross proceeds or gross income from leasing or
16 renting animals for recreational purposes is subject to taxation under this
17 section. Tax liabilities, penalties and interest paid for taxable periods
18 before January 1, 1989 shall not be refunded unless the taxpayer requesting
19 the refund provides proof satisfactory to the department that the monies paid
20 as taxes will be returned to the customer."

21 Renumber to conform

22 Amend title to conform

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