



Bill Number: S.B. 1413

Yarbrough Floor Amendment

Reference to: printed bill

Amendment drafted by: Bill Ritz

FLOOR AMENDMENT EXPLANATION

- **Removes the municipal tax exemption and specifies that a municipality that levies TPT on businesses that produce or provide electricity must either tax or exempt the gross proceeds of sales or gross income from sales to business that use at least 51 percent of the electricity in manufacturing or smelting operations.**
- **Clarifies that the TPT and use tax exemptions apply to the purchase of electricity for manufacturing or smelting operations that use at least 51 percent of the electricity in the manufacturing or smelting operations.**
- **Defines manufacturing and smelting.**

YARBROUGH FLOOR AMENDMENT

SENATE AMENDMENTS TO S.B. 1413

(Reference to printed bill)

1 Page 2, line 23, strike "FOR USE" insert "TO A BUSINESS THAT IS PRINCIPALLY
2 ENGAGED"; after "OPERATIONS" insert "THAT USES AT LEAST FIFTY-ONE PER CENT OF
3 THE ELECTRICITY IN THE MANUFACTURING OR SMELTING OPERATIONS"

4 Line 24, after "PARAGRAPH" strike remainder of line

5 Strike line 25, insert ":

6 (a) 'MANUFACTURING' MEANS THE PERFORMANCE AS A BUSINESS OF AN
7 INTEGRATED SERIES OF OPERATIONS THAT PLACE TANGIBLE PERSONAL PROPERTY IN A
8 FORM, COMPOSITION OR CHARACTER DIFFERENT FROM THAT IN WHICH IT WAS ACQUIRED
9 AND TRANSFORMS IT INTO A DIFFERENT PRODUCT WITH A DISTINCTIVE NAME, CHARACTER
10 OR USE. MANUFACTURING DOES NOT INCLUDE PROCESSING, FABRICATING, JOB PRINTING,
11 MINING, GENERATING ELECTRICITY OR OPERATING A RESTAURANT.

12 (b) 'PRINCIPALLY ENGAGED' MEANS AT LEAST FIFTY-ONE PER CENT OF THE
13 BUSINESS IS A MANUFACTURING OR SMELTING OPERATION.

14 (c) 'SMELTING' MEANS TO MELT OR FUSE A METALLIFEROUS MINERAL OFTEN
15 WITH AN ACCOMPANYING CHEMICAL CHANGE USUALLY TO SEPARATE THE METAL."

16 Page 15, line 12, strike "FOR USE" insert "BY A BUSINESS THAT IS PRINCIPALLY
17 ENGAGED"; after "OPERATIONS" insert "THAT USES AT LEAST FIFTY-ONE PER CENT OF
18 THE ELECTRICITY IN THE MANUFACTURING OR SMELTING OPERATIONS"

19 Line 13, after "SUBSECTION" strike remainder of line

20 Strike line 14, insert ":

21 (a) 'MANUFACTURING' MEANS THE PERFORMANCE AS A BUSINESS OF AN
22 INTEGRATED SERIES OF OPERATIONS THAT PLACE TANGIBLE PERSONAL PROPERTY IN A
23 FORM, COMPOSITION OR CHARACTER DIFFERENT FROM THAT IN WHICH IT WAS ACQUIRED
24 AND TRANSFORMS IT INTO A DIFFERENT PRODUCT WITH A DISTINCTIVE NAME, CHARACTER
25 OR USE. MANUFACTURING DOES NOT INCLUDE PROCESSING, FABRICATING, JOB PRINTING,
26 MINING, GENERATING ELECTRICITY OR OPERATING A RESTAURANT.

1 (b) 'PRINCIPALLY ENGAGED' MEANS AT LEAST FIFTY-ONE PER CENT OF THE
2 BUSINESS IS A MANUFACTURING OR SMELTING OPERATION.

3 (c) 'SMELTING MEANS' TO MELT OR FUSE A METALLIFEROUS MINERAL OFTEN
4 WITH AN ACCOMPANYING CHEMICAL CHANGE USUALLY TO SEPARATE THE METAL."

5 Page 27, line 29, strike "FOR USE" insert "BY A BUSINESS THAT IS PRINCIPALLY
6 ENGAGED"; after "OPERATIONS" insert "THAT USES AT LEAST FIFTY-ONE PER CENT OF
7 THE ELECTRICITY IN THE MANUFACTURING OR SMELTING OPERATIONS"

8 Line 30, after "SUBSECTION" strike remainder of line

9 Strike line 31, insert ":

10 (a) 'MANUFACTURING' MEANS THE PERFORMANCE AS A BUSINESS OF AN
11 INTEGRATED SERIES OF OPERATIONS THAT PLACE TANGIBLE PERSONAL PROPERTY IN A
12 FORM, COMPOSITION OR CHARACTER DIFFERENT FROM THAT IN WHICH IT WAS ACQUIRED
13 AND TRANSFORMS IT INTO A DIFFERENT PRODUCT WITH A DISTINCTIVE NAME, CHARACTER
14 OR USE. MANUFACTURING DOES NOT INCLUDE PROCESSING, FABRICATING, JOB PRINTING,
15 MINING, GENERATING ELECTRICITY OR OPERATING A RESTAURANT.

16 (b) 'PRINCIPALLY ENGAGED' MEANS AT LEAST FIFTY-ONE PER CENT OF THE
17 BUSINESS IS A MANUFACTURING OR SMELTING OPERATION.

18 (c) 'SMELTING' MEANS TO MELT OR FUSE A METALLIFEROUS MINERAL OFTEN
19 WITH AN ACCOMPANYING CHEMICAL CHANGE USUALLY TO SEPARATE THE METAL."

20 Page 28, strike lines 3 through 45

21 Strike pages 29 through 34

22 Page 35, strike lines 1 through 10, insert:

23 "Sec. 4. Title 42, chapter 6, article 1, Arizona Revised Statutes, is
24 amended by adding section 42-6012, to read:

25 42-6012. Municipal transaction privilege tax: sales of
26 electricity

27 A. A CITY OR TOWN THAT LEVIES A TRANSACTION PRIVILEGE, SALES, GROSS
28 RECEIPTS, USE, FRANCHISE OR OTHER SIMILAR FEE OR TAX, HOWEVER DENOMINATED, ON
29 THE BUSINESS OF PRODUCING, PROVIDING OR FURNISHING ELECTRICITY, ELECTRIC
30 LIGHTS, CURRENT OR POWER SHALL EITHER TAX OR EXEMPT IN WHOLE THE GROSS
31 PROCEEDS OF SALES OR GROSS INCOME FROM SALES BY THOSE BUSINESSES TO

1 BUSINESSSES THAT USE AT LEAST FIFTY-ONE PER CENT OF THE ELECTRICITY, ELECTRIC
2 LIGHTS, CURRENT OR POWER IN MANUFACTURING OR SMELTING OPERATION LOCATED IN
3 THAT CITY OR TOWN.

4 B. FOR THE PURPOSES OF THIS SECTION:

5 1. 'MANUFACTURING' MEANS THE PERFORMANCE AS A BUSINESS OF AN INTEGRATED
6 SERIES OF OPERATIONS THAT PLACE TANGIBLE PERSONAL PROPERTY IN A FORM,
7 COMPOSITION OR CHARACTER DIFFERENT FROM THAT IN WHICH IT WAS ACQUIRED AND
8 TRANSFORMS IT INTO A DIFFERENT PRODUCT WITH A DISTINCTIVE NAME, CHARACTER OR
9 USE. MANUFACTURING DOES NOT INCLUDE PROCESSING, FABRICATING, JOB PRINTING,
10 MINING, GENERATING ELECTRICITY OR OPERATING A RESTAURANT.

11 2. 'PRINCIPALLY ENGAGED' MEANS AT LEAST FIFTY-ONE PERCENT OF THE
12 BUSINESS IS A MANUFACTURING OR SMELTING OPERATION.

13 3. 'SMELTING' MEANS TO MELT OR FUSE A METALLIFEROUS MINERAL OFTEN WITH
14 AN ACCOMPANYING CHEMICAL CHANGE USUALLY TO SEPARATE THE METAL."

15 Renumber to conform

16 Page 35, line 14, strike "and section 42-6004,"

17 Strike lines 15, 16 and 17

18 Line 18, strike "chapter 6 and this act,"

19 Line 22, after the second comma strike remainder of line

20 Strike line 23, insert "is"

21 Amend title to conform

3/6/14
2:26 PM
S: BR/lrs