



SEARCH

HOME > OPINION > COMMENTARY > TIME TO COME TO AGREEMENT ON TPT REFORM

Time to come to agreement on TPT reform

By Guest Opinion

Published: March 6, 2013 at 10:35 am

Like 11

Tweet 5

0

20



Doug Von Gausig

One of the most controversial bills in this year's legislative session is HB2657, TPT reform. The TPT (Transaction Privilege Tax) is Arizona's sales tax program, and it has been more than 80 years in the making. Last year, Gov. Jan Brewer appointed a task force to examine ways to make the system simpler for businesses to comply with.

The League of Arizona Cities and Towns, representing the 91 incorporated communities in the state, supports tax simplification and supports most of the recommendations of the task force. However, we oppose those elements that we believe harm the finances of cities and towns without accomplishing true simplification. Negotiations over the bill have been stalled over different perspectives of reform.

In order to move discussions forward, the league has made a bold proposal for compromise. Our offer covers these elements: To simplify tax collections for all businesses, the league recommends the expansion of an online portal where all business taxpayers in the state can remit their taxes electronically. From there, they will be automatically distributed to the proper jurisdiction – state, county, city or town. This proposal expands on a concept passed last session, and makes use of 21st century technology to solve a problem. It is somewhat like the online convenience of ADOT's Service Arizona, where you can renew your car registration and driver's license.

In the area of business taxpayer audits, the league has offered to have all audits – both multi-jurisdictional and single-jurisdiction – coordinated by the state Department of Revenue. This will avoid multiple audits of large businesses while still allowing local communities the ability to ensure that businesses operating only within their city or town are audited. Once an audit is closed, the business cannot be audited again for the same time period.

Finally, HB2657 proposes to eliminate one of the most important sources of revenue for cities and towns, particularly those that are fast-growing: the construction sales tax. The bill proposes a system that taxes only the materials of a construction project at a retail sales rate and to charge the tax at the point of sale, rather than at the location of the construction. No one can say for certain the exact outcome of this major policy shift because there is no agreement on the underlying facts about our current system, nor is there information about how purchasing patterns and tax distribution mechanisms would change in the dynamic circumstances created by new taxes. This area requires more study to produce solid, verifiable data before either the state or local governments make such a radical change.

Recently, some legislators and the Governor's Office have proposed a new idea that retains the local construction sales tax, but eliminates it at the state level. This is an intriguing idea that cities and towns are currently studying, but it is still a major policy shift that is not supported by reliable data. The League of Arizona Cities and Towns will be sure to give this proposal a full examination.

Meanwhile, we believe it is time for legislators to move forward on the other important elements of TPT reform in Arizona. It is in the best interest of the

STAY CONNECTED WITH AZ CAPITOL TIMES

Enter your e-mail:

GO

- Capitol Times Morning Edition
- Capitol Times Breaking News

Arizona Capitol Times

2,346 people like Arizona Capitol Times.

Facebook social plugin

Arizona Capitol Times on Twitter

- AzCapitolTimes #AZ Public notice bill defeated in House, but not before it generates a provocative debate . bit.ly/X8CkWw
15 hours ago · reply · retweet · favorite
- AzCapitolTimes #AZ bill striking public notices requirements for cities & counties voted down bit.ly/X8CkWw
2 hours ago · reply · retweet · favorite



Join the conversation

business community, the state government, and local governments. Let's agree on those items, and move our state forward to be better positioned to accelerate the economic recovery.

- Doug Von Gausig is mayor of Clarkdale and president of the League of Arizona Cities and Towns.

< Redistricting trial still set to start March 25
Bill allowing struggling schools to implement 200-day school year passes House >

POST A COMMENT

Your name: *

E-mail: *

Homepage:

ray

losetoro

Type the two words:



SUBMIT

Notify me of follow-up comments by email.

Notify me of new posts by email.



YELLOW SHEET REPORT

