

MUNICIPAL PROPOSAL: OVERVIEW

Cities and Towns Push for Fiscally Sound Tax Simplification

1. Collection and Administration

Create “one-stop shop” for taxpayers through a 3rd-Party website managed by the Department of Revenue (DOR), paid for by municipalities.

- a. Moves admin of the online portal (enacted by Laws 2012, Chapter 332) to DOR.
- b. Expedites and expands the online portal to:
 - i. Create a single point of payment.
 - ii. Create a single point of licensing.
 - iii. Include all transaction privilege tax (TPT) taxing jurisdictions.

2. Auditing

Provides taxpayers with a single audit managed and organized by DOR.

- a. All audits are conducted or coordinated by DOR.
 - i. Multi-City Taxpayer: Audit led by DOR with municipal participation
 - ii. Single-City Taxpayer: DOR has right of first refusal to lead the audit; or designate lead auditor.

3. Prime Contracting TPT

Makes common sense improvements and answers critical questions.

- a. Include provisions of HB 2535 (independent functional utility).
- b. Commission an independent consulting firm to research and answer questions regarding prime contracting.



QUESTIONS?
CALL 602-258-5786

TAX SIMPLIFICATION CHECKLIST

How does the Municipal Proposal on Tax Simplification Compare?

Cities and towns are united in our support of tax simplification - a goal that is good for taxpayers, good for businesses, and good for Arizona. Governor Brewer highlighted the importance of this issue with the creation of her Transaction Privilege Tax Simplification Task Force on May 31, 2012, on which cities and towns were actively engaged.

Tax simplification is a concept easy to support but difficult to define. As a demonstration of the commitment of Arizona's mayors and councils to work proactively with the Governor in simplifying our tax system, this document provides a sincere, alternative proposal for consideration. This proposal achieves tax simplification by reducing and streamlining administrative burdens on taxpayers based on sound fiscal management and without creating severe financial risk to municipal or state budgets.

Throughout the extensive discussion on the complex topic of tax simplification, proponents of the original bill have consistently pointed to key items they believe fulfill their criteria for simplification. Below is a chart that shows how our proposal not only fulfills the stated criteria but significantly exceeds these requirements to achieve even greater simplification.

	Municipal Proposal	HB 2657/ HB 2111
Complies with the Marketplace Fairness Act	Y	N
Preserves critical municipal tax information	Y	N
Tax software compatibility	Y	N
Ensure a single interpretation for all audits	Y	N
Ensure that local businesses are audited by those familiar with the community	Y	N
Ensure that state and local revenues are not at risk	Y	N
Obtains the necessary information to make sound fiscal decisions	Y	N
Single point of payment	Y	Y
Single point of licensing	Y	Y
Create a single point of filing	Y	Y
Protects taxpayer confidentiality	Y	Y
Create a single entity for auditing	Y	Y



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