



# **2023 Legislative Summaries**

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**State of Arizona  
Department  
of Revenue**

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This document contains summaries of 2023 legislation from the Fifty Sixth Legislature – First Regular Session.

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# 2023 Legislative Summaries

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The material below briefly summarizes the major 2023 tax-related legislation impacting the Arizona Department of Revenue (ADOR), but is not intended to discuss substantive specifics of any particular enactment. Detailed summaries and the chaptered versions of these bills can also be found at [www.azleg.gov](http://www.azleg.gov). Please refer to the particular legislation for more definitive information.

The general effective date for legislation enacted during the Second Regular Session is October 30, 2023. All legislation will have this effective date unless otherwise noted in the summary.

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## Income Tax

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### **SB 1171 (Chapter 2)** **conformity; internal revenue code**

Conforms Arizona tax statutes to the U.S. Internal Revenue Code as of January 1, 2023, to reflect changes adopted by the U.S. Congress during 2022.

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### **SB 1260 (Chapter 67)** **small businesses; income tax; rate**

Beginning January 1, 2023, reduces the Arizona small business income tax rate to 2.5%.

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## Transaction Privilege Tax

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### **HB 2809 (Chapter 181)** **public infrastructure improvements; reimbursement**

Increases the aggregate cap on the amount of state prime contracting TPT revenues that must be paid to cities, towns, and counties for public infrastructure improvements for the benefit of a manufacturing facility from \$100,000,000 to \$200,000,000.

### **SB 1131 (Chapter 204)** **property rights; zoning ordinances; costs**

Effective January 1, 2025, prohibits a city, town or other taxing jurisdiction from levying a tax or fee on the business of renting or leasing real property for residential purposes

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### **SB 1189 (Chapter 192)** **municipal tax code commission; continuation**

Continues the Municipal Tax Code Commission through June 30, 2027 and requires ADOR to incorporate statutory changes to the Model City Tax Code (MCTC) that are necessary to conform the MCTC with a statutory change within 30 days of the statutory change's effective date. Also, allows a city or town to adopt an amendment to the MCTC if the amendment is a result of ADOR incorporating a statutory change and requires a two-thirds vote of the MTCC in order to adopt a proposed amendment to the MCTC that either: a) repeals a model or local option that provides a tax exemption; or b) expands the types of business activities that are considered taxable.

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### **SB 1274 (Chapter 68)** **computer data centers; TPT; refund**

Retroactive to tax years beginning January 1, 2022, a computer data center is required to file using the

standard tax refund process when claiming refunds for TPT or use tax and exempts those claims from the aggregate refund cap.

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## Property Tax

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### **HB 2064 (Chapter 79)** **property tax exemption; disability; qualifications**

Defines *person with a total and permanent disability* and *competent medical authority* for the purposes of property tax exemptions.

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### **HB 2145 (Chapter 17)** **dude ranches; historical markers**

Makes various changes relating to guest ranch property valuation. Also, requires the Arizona Historical Society to issue historical markers for a dude ranch that is designated for inclusion on the Arizona Dude Ranch Heritage Trail Program.

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### **HB 2534 (Chapter 100)** **mortgaged property; tax statements; email**

Requires a county treasurer to mail or, on the request of the mortgagor, email a statement of taxes due on the property to the mortgagor at the mortgagor's last known mailing address or, if requested, email address. If the mortgagor of the property changes, the county treasurer is required to mail the tax statement to the new mortgagor at the address of the property until the new mortgagor requests email delivery of the tax statement.

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## Multiple Tax Types/Misc.

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### **HB 2223 (Chapter 25)** **liquor; licensing; processes; procedures**

Beginning January 1, 2024, requires a farm winery, manufacturer, microbrewery, craft distiller or direct shipment licensee to pay luxury privilege tax to ADOR annually, rather than monthly. Also, makes various changes related to liquor regulatory statutes.

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### **SB 1190 (Chapter 7)** **department of revenue; administration**

Allows the Director of ADOR to extend the final date for mailing notices regarding a property's full cash value and limited property value due to a state of emergency. Also, defines *audit* as a review or examination of a taxpayer's accounts, financial information, books and records and any other document to ensure information is reported correctly on a return in accordance with this chapter and to verify the reported amount of tax is correct.

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### **SB 1230 (Chapter 14)** **tax exemptions; affidavit**

Outlines the procedures that a qualifying health community center, qualifying health care organization, hospital or other nonprofit entities must take in order to obtain a TPT exemption letter and makes various changes regarding property tax exemption affidavits.

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### **SB 1473 (Chapter 11)** **tax corrections act of 2023**

Makes numerous technical, clarifying, and conforming changes to tax-related Arizona Revised Statutes.