

ORDINANCE 2023-19

AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF THE CITY OF PEORIA ESTABLISHING THE EFFECTIVE DATE REGARDING CERTAIN LOCAL OPTION H BUSINESSES SUBJECT TO A TRANSACTION PRIVILEGE TAX.

WHEREAS, the City of Peoria is committed to enforcing all applicable tax laws in a consistent manner and without favor; and,

WHEREAS, the City of Peoria has adopted the Model City Tax Code including Local Option H in 1987; and,

WHEREAS, the Municipal Tax Code Commission amended the language of Local Option H in 1995 to specifically include dance studios and the City of Peoria incorporated that amendment in the same year; and,

WHEREAS Local Option H expressly imposes a transaction privilege tax upon dance studios and similar businesses that charge for sports, athletic, or other health-related activities or instruction; and,

WHEREAS, a recent canvassing of Peoria businesses identified numerous dance, martial arts, and gymnastics studios subject to the Local Option H transaction privilege tax (TPT) that have not been remitting TPT; and,

WHEREAS the assessment of back taxes elicited responses of surprise and disagreement, including at a City Council meeting held on October 17, 2023, from the affected businesses and others, that suggest the taxpayers' misinterpretation of Local Option H as it applies to dance studios and other similar businesses that charge for dance, sports, athletic, or other health-related activities or instruction; and,

WHEREAS substantial questions have arisen regarding the impact of the otherwise lawful assessment of back taxes for such activity, particularly upon the students of such businesses; and,

WHEREAS, A.R.S. § 42-6055 authorizes any city or town who has adopted the Model City Tax Code to amend the effective date for application to any specified class of tax payers of any provision of such code, where doing so may further substantial justice;

NOW, THEREFORE BE IT ORDAINED, by the Mayor and Council of the City of Peoria, Maricopa County, Arizona, as follows:

SECTION 1: The Mayor and Council of the City of Peoria hereby find that a prospective application of Local Option H TPT to a specified class of taxpayers furthers substantial justice.

SECTION 2: The "Specified Class" in this ordinance shall be Dance, Martial Arts and Gymnastics Studios that charge for dance, sports, athletic, or other health-related instruction.

SECTION 3: The effective date shall be January 1, 2024.

PASSED AND ADOPTED by the Mayor and Council of the City of Peoria, Arizona this 14 day of November, 2023.

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Jason Beck, Mayor

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Date Signed

ATTEST:

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Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

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Emily Jurmu, City Attorney

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