

## ORDINANCE NO. 2013-26

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, ARIZONA, AMENDING THE FLAGSTAFF CITY CODE, TITLE 3, *BUSINESS REGULATIONS*, CHAPTER 3-05, *PRIVILEGE AND EXCISE TAXES*, BY ADOPTING “THE 2013 CITY TAX CODE AMENDMENTS” AS SET FORTH IN THAT PUBLIC RECORD ON FILE WITH THE CITY CLERK; PROVIDING FOR PENALTIES, REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, AUTHORITY FOR CLERICAL CORRECTIONS, AND ESTABLISHING EFFECTIVE DATES**

### RECITALS:

WHEREAS, the City desires to adopt changes to the City Tax Code to conform with changes required by state law and/or required by the Unified Audit Committee for the Model City Tax Code; and

WHEREAS, notice of the proposed changes to the City Tax Code have been published on the City website prior to adoption of this ordinance and a public hearing has been held; and

WHEREAS, the proposed changes to the City Tax Code include adoption of numerous exemptions as well as other changes: amending Section 3-05-001-0100, *Words Of Tense, Number And Gender; Code References; And General Definitions*, to change the definition of “Business” to exclude transfer of electricity from a solar photovoltaic generation system to an electric utility distribution system, and to change the definition of “prosthetic” to include orthodontic devices dispensed by a dental professional; by deleting Section 3-05-001-0120, *Definition; Food For Home Consumption*, deleting a related exemption in Section 3-05-004-0465, and adding Section 3-05-004-0462 for *Retail Sales: Food For Home Consumption* with a tax rate of zero percent; by amending Section 3-05-002-0200, *Determination Of Gross Income; In General*, by clarifying how gross income from the sale of nuclear fuel will be determined; by amending Section 3-05-004-0425, *Job Printing*, by adding an exemption for sales of postage and freight; amending Section 3-05-004-0445, *Rental Leasing And Licensing For Use Of Real Property*, by adding tax exemption for rental to affiliated companies; amending Section 3-05-004-0480, *Utility Services*, by adding exemptions for transfer of renewable energy credits and solar electricity from a retail customer to electric distribution system; adding Section 3-05-004-0485, *Wastewater Removal Service*, with a tax rate of zero percent; amending Section 3-05-004-0450, *Rental, Leasing, And Licensing For Use Of Tangible Personal Property*, to add an exemption for rental of ignition interlock devices, Section 3-05-004-0460, *Retail Sales; Measure Of Tax, Burden Of Proof, Exclusions*, to add an exemption for sales of cash equivalents, and Section 3-05-004-0465, *Retail Sales; Exemptions*, to add exemptions for sale of food and drink to employees of a person engaged in the restaurant business, sale of food and drink at private and parochial schools, sale or transfer of renewable energy credits, sale of tourist magazines, sale of paper machine clothing, sale of certain property in performance of a contract with the U.S. government, sale of coal and other fuels to a qualified environmental technology manufacturer/producer/processor, and sale of equipment to construct a qualified environmental technology facility; by amending Section 3-05-005-0580, *Criminal Penalties*, to clarify that violation of the City Tax Code is punishable as a class one misdemeanor, and by amending regulations relating to the above.

**ENACTMENTS:**

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:**

SECTION 1. In General.

The Flagstaff City Code, Title 3, Business Regulations, Chapter 3-05, *Privilege and Excise Taxes*, is hereby amended by adoption of the amendments set forth in that document known as "The 2013 City Tax Code Amendments," declared a public record by Resolution No. 2013-33 and on file with the City Clerk.

SECTION 2. Penalties.

Any person convicted of a violation of this ordinance is guilty of a misdemeanor and shall be fined a sum not to exceed two thousand five hundred dollars (\$2,500.00) and may be sentenced to confinement in jail for a period not to exceed six (6) months for any one offense. Any violation which is continuing in nature shall constitute a separate offense on each successive date the violation continues, unless otherwise provided.

SECTION 3. Repeal of Conflicting Ordinances.

All ordinances and parts of ordinances in conflict with the provisions of the code adopted herein are hereby repealed.

SECTION 4. Severability.

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 5. Clerical Corrections.

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 6. Effective Date.

The effective dates for various changes to the City Tax Code shall be as set forth in "The 2013 City Tax Code Amendments." This ordinance shall be effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council and approved by the Mayor of the City of Flagstaff this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY ATTORNEY