

Special Use Permit License and Tax Guidelines

The information provided is for informational purposes only. The Permittee is required to seek assistance as necessary from qualified agencies to ensure compliance. Maricopa County Parks and Recreation Department will not act as a qualified agency for any aspects of licensure or required taxes.

Arizona Revised Statutes

§42-5073. Amusement Classification

- A. The amusement classification is comprised of the business of operating or conducting theaters, movies, operas, shows of any type or nature, exhibitions, concerts, carnivals, circuses, amusement parks, menageries, fairs, races, contests, games, billiard or pool parlors, bowling alleys, public dances, dance halls, boxing and wrestling matches, skating rinks, tennis courts, except as provided in subsection B of this section, video games, pinball machines, sports events or any other business charging admission or user fees for exhibition, amusement or entertainment, including the operation or sponsorship of events by a tourism and sports authority under title 5, chapter 8. For purposes of this section, admission or user fees include, but are not limited to, any revenues derived from any form of contractual agreement for rights to or use of premium or special seating facilities or arrangements. The amusement classification does not include:
1. Activities or projects of bona fide religious or educational institutions.
 2. Private or group instructional activities. For the purposes of this paragraph, "private or group instructional activities" includes, but is not limited to, performing arts, martial arts, gymnastics and aerobic instruction.
 3. The operation or sponsorship of events by the Arizona exposition and state fair board or county fair commissions.
 4. A musical, dramatic or dance group or a botanical garden, museum or zoo that is qualified as a nonprofit charitable organization under section 501(c)(3) of the United States internal revenue code and if no other part of its net income inures to the benefit of any private shareholder or individual.
 5. Exhibition events in this state sponsored, conducted or operated by a nonprofit organization that is exempt from taxation under section 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code if the organization is associated with major league baseball teams or a national touring professional golfing association and no part of the organization's net earnings inures to the benefit of any private shareholder or individual.
 6. Operating or sponsoring rodeos that feature primarily farm and ranch animals in this state and that are sponsored, conducted or operated by a nonprofit organization that is exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7) or 501(c)(8) of the internal revenue code and no part of the organizations net earnings inures to the benefit of any private shareholder or individual.
 7. Sales of admissions to intercollegiate football contests if the contests are both:
 - a. Operated by a nonprofit organization that is exempt from taxation under section 501(c) (3) of the internal revenue code and no part of the organization's net earnings inures to the benefit of any private shareholder or individual.
 - b. Not held in a multipurpose facility that is owned or operated by the tourism and sports authority pursuant to title 5, chapter 8.
 8. Activities and events of, or fees and assessments received by, a homeowners' organization from persons who are members of the organization or accompanied guests of members. For the purposes of this paragraph, "homeowners' organization" means a mandatory membership organization comprised of owners of residential property within a specified residential real estate subdivision development or similar area and established to own property for the benefit of its members where both of the following apply:

- a. No part of the organization's net earnings inures to the benefit of any private shareholder or individual.
- b. The primary purpose of the organization is to provide for the acquisition, construction, management, maintenance or care of organization property.
9. Activities and events of, or fees received by, a nonprofit organization that is exempt from taxation under section 501(c)(6) of the internal revenue code if the organization produces, organizes or promotes cultural or civic related festivals or events and no part of the organization's net earnings inures to the benefit of any private shareholder or individual.
10. Arranging an amusement activity as a service to a person's customers if that person is not otherwise engaged in the business of operating or conducting an amusement personally or through others. This exception does not apply to businesses that operate or conduct amusements pursuant to customer orders and send the billings and receive the payments associated with that activity, including when the amusement is performed by third party independent contractors. For the purposes of this paragraph, "arranging" includes billing for or collecting amusement charges from a person's customers on behalf of the persons providing the amusement.
- B. The tax base for the amusement classification is the gross proceeds of sales or gross income derived from the business, except that the following shall be deducted from the tax base:
 1. The gross proceeds of sales or gross income derived from memberships, including initiation fees, which provide for the right to use a health or fitness establishment or a private recreational establishment, or any portion of an establishment, including tennis and other racquet courts at that establishment, for participatory purposes for twenty-eight days or more and fees charged for use of the health or fitness establishment or private recreational establishment by bona fide accompanied guests of members, except that this paragraph does not include additional fees, other than initiation fees, charged by a health or fitness establishment or a private recreational establishment for purposes other than memberships which provide for the right to use a health or fitness establishment or private recreational establishment, or any portion of an establishment, for participatory purposes for twenty-eight days or more and accompanied guest use fees.
 2. Amounts that are exempt under section 5-111, subsection H.
 3. The gross proceeds of sales or gross income derived from membership fees, including initiation fees, that provide for the right to use a transient lodging recreational establishment, including golf courses and tennis and other racquet courts at that establishment, for participatory purposes for twenty-eight days or more, except that this paragraph does not include additional fees, other than initiation fees, that are charged by a transient lodging recreational establishment for purposes other than memberships and that provide for the right to use a transient lodging recreational establishment or any portion of the establishment for participatory purposes for twenty-eight days or more.
 4. The gross proceeds of sales or gross income derived from sales to persons engaged in the business of transient lodging classified under section 42-5070, if all of the following apply:
 - a. The persons who are engaged in the transient lodging business sell the amusement to another person for consideration.
 - b. The consideration received by the transient lodging business is equal to or greater than the amount to be deducted under this subsection.
 - c. The transient lodging business has provided an exemption certificate to the person engaging in business under this section.
 5. The gross proceeds of sales or gross income derived from:
 - a. Business activity that is properly included in any other business classification under this article and that is taxable to the person engaged in that classification, but the gross proceeds of sales or gross income to be deducted shall not exceed the consideration paid to the person conducting the activity.
 - b. Business activity that is arranged by the person who is subject to tax under this section and that is not taxable to the person conducting the activity due to an exclusion, exemption or deduction under this section or section 42-5062, but the gross proceeds of sales or gross income to be deducted shall not exceed the consideration paid to the person conducting the activity.

- c. Business activity that is arranged by a person who is subject to tax under this section and that is taxable to another person under this section who conducts the activity, but the gross proceeds of sales or gross income to be deducted shall not exceed the consideration paid to the person conducting the activity.
- C. For purposes of subsection B of this section:
1. "Health or fitness establishment" means a facility whose primary purpose is to provide facilities, equipment, instruction or education to promote the health and fitness of its members and at least eighty per cent of the monthly gross revenue of the facility is received through accounts of memberships and accompanied guest use fees which provide for the right to use the facility, or any portion of the facility, under the terms of the membership agreement for participatory purposes for twenty-eight days or more.
 2. "Private recreational establishment" means a facility whose primary purpose is to provide recreational facilities, such as tennis, golf and swimming, for its members and where at least eighty per cent of the monthly gross revenue of the facility is received through accounts of memberships and accompanied guest use fees which provide for the right to use the facility, or any portion of the facility, for participatory purposes for twenty-eight days or more.
 3. "Transient lodging recreational establishment" means a facility whose primary purpose is to provide facilities for transient lodging, that is subject to taxation under this chapter and that also provides recreational facilities, such as tennis, golf and swimming, for members for a period of twenty-eight days or more.
- D. Until December 31, 1988, the revenues from hayrides and other animal-drawn amusement rides, from horseback riding and riding instruction and from recreational tours using motor vehicles designed to operate on and off public highways are exempt from the tax imposed by this section. Beginning January 1, 1989, the gross proceeds or gross income from hayrides and other animal-drawn amusement rides, from horseback riding and from recreational tours using motor vehicles designed to operate on and off public highways are subject to taxation under this section. Tax liabilities, penalties and interest paid for taxable periods before January 1, 1989 shall not be refunded unless the taxpayer requesting the refund provides proof satisfactory to the department that the taxes will be returned to the customer.
- E. If a person is engaged in the business of offering exhibition, amusement or entertainment and private or group instructional activities, the person's books shall be kept to show separately the gross income from exhibition, amusement or entertainment and the gross income from instructional activities. If the books do not provide this separate accounting, the tax is imposed on the person's total gross income from the business.
- F. For purposes of section 42-5032.01, the department shall separately account for revenues collected under the amusement classification from sales of admissions to:
1. Events that are held in a multipurpose facility that is owned or operated by the tourism and sports authority pursuant to title 5, chapter 8, including intercollegiate football contests that are operated by a nonprofit organization that is exempt from taxation under section 501(c)(3) of the internal revenue code.
 2. Professional football contests that are held in a stadium located on the campus of an institution under the jurisdiction of the Arizona board of regents.

Model City Tax Code

- a. The tax rate shall be at an amount equal to _____ percent (___%) of the gross income from the business activity upon every person engaging or continuing in the business of providing amusement that begins in the city or takes place entirely within the City, which includes the following type or nature of businesses:
 - 1) Operating or conducting theaters, movies, operas, shows of any type or nature, exhibitions, concerts, carnivals, circuses, amusement parks, menageries, fairs, races, contests, games, billiard or pool parlors, bowling alleys, skating rinks, tennis courts, golf courses, video games, pinball machines, public dances, dance halls, sports events, jukeboxes, batting and driving ranges, animal rides, or any other business charging admission for exhibition, amusement, or entertainment.
- b. Deductions or exemptions. The gross proceeds of sales or gross income derived from the following sources is exempt from the tax imposed by this Section:
 - (1) Reserved
 - (2) Amounts retained by the Arizona Exposition and State Fair Board from ride ticket sales at the annual Arizona State Fair.

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- (3) Income received from a hotel business subject to tax under Section ___-444, if all of the following apply:
 - (A) The hotel business receives gross income from a customer for the specific business activity otherwise subject to amusement tax.
 - (B) The consideration received by the hotel business is equal to or greater than the amount to be deducted under this subsection.
 - (C) The hotel business has provided an exemption certificate to the person engaging in business under this section.
 - (4) Income that is specifically included as the gross income of a business activity upon which another Section of this Article imposes a tax, that is separately stated to the customer and is taxable to the person engaged in that classification not to exceed consideration paid to the person conducting the activity.
 - (5) Income from arranging transportation connected to amusement activity that is separately stated to the customer, not to exceed consideration paid to the transportation business.
- c. The tax imposed by this Section shall not include arranging an amusement activity as a service to a person's customers if that person is not otherwise engaged in the business of operating or conducting an amusement themselves or through others. This exception does not apply to businesses that operate or conduct amusements pursuant to customer orders and send the billings and receive the payments associated with that activity, including when the amusement is performed by third party independent contractors. For the purposes of this paragraph, "arranging" includes billing for or collecting amusement charges from a person's customers on behalf of the persons providing the amusement.

Telephone Numbers/Points-of-Contact:

Arizona Department of Revenue and Program Cities

Business/Withholding Tax: 602-255-2060/602-255-3381

Statewide Toll-Free: 1-800-634-6494

Other

Maricopa County (For Information): 602-506-8511

Federal: 1-800-829-1040

TPT Non-Program Cities

Not all cities within Arizona have the Department of Revenue collect their taxes for them. They are commonly referred to as Non-Program Cities. Following is a list of Non-Program Cities, their telephone numbers. Non-Program cities collect their own taxes. Sales in these cities must be reported directly to the applicable city. The state and county taxes must still be reported and remitted to the state.

<u>Non-Program City</u>	<u>Phone Number</u>
Apache Junction	480-982-8002
Avondale	623-333-2000
Bullhead City	866-940-7660
Chandler	480-782-2280
Douglas	520-417-7333
Flagstaff	928-774-5281
Glendale	623-930-3190
Mesa	480-644-2316
Nogales	520-287-6571
Peoria	623-773-7160
Phoenix	602-262-6785
Prescott	928-777-1268
Scottsdale	480-312-2400
Tempe	480-350-2955
Tucson	520-791-4566