



MEMORANDUM Management Services Memo No. 15-020

DATE: NOVEMBER 20, 2014
TO: MAYOR AND COUNCIL
THRU: RICH DLUGAS, CITY MANAGER *RD*
NACHIE MARQUEZ, ASSISTANT CITY MANAGER *NM*
FROM: DAWN LANG, MANAGEMENT SERVICES DIRECTOR *DL*
SUBJECT: RESOLUTION NO. 4822 AUTHORIZING A SERVICES AGREEMENT BETWEEN THE CITY AND THE ARIZONA DEPARTMENT OF REVENUE TO PERFORM MUNICIPAL PRIVILEGE TAX LICENSING SERVICES ON BEHALF OF THE ARIZONA DEPARTMENT OF REVENUE FOR CALENDAR YEAR 2015

RECOMMENDATION

Staff recommends adoption of Resolution No. 4822 authorizing a services agreement between the City and the Arizona Department of Revenue to perform municipal privilege tax licensing services on behalf of the Arizona Department of Revenue for calendar year 2015, and authorize the City Manager to sign any documents, agreement amendments, or requests required to implement said agreement.

BACKGROUND

On April 23, 2014, House Bill (HB) 2389 passed the Arizona House and Senate and was signed into law by the Governor. The intent of this bill was to provide legislative guidance and authorization to assist in the transition of Transaction Privilege Tax collection activity from the City of Chandler to the Arizona Department of Revenue (ADOR) beginning January 2015 to comply with HB 2111. One of the provisions of this bill required ADOR to perform the Transaction Privilege Tax license renewal and new licensing for all cities, including Chandler, during calendar year 2015.

The transition of collecting tax revenues to ADOR has since been delayed until 2016 as the Department does not have the necessary technological improvements ready for the transition. However, the legal requirement remains that requires ADOR to license and renew licenses for all cities in 2015. This service agreement allows Chandler to perform the Transaction Privilege Tax license renewal and new licensing for ADOR to meet the requirements of HB

2389, while allowing for no interruption in licensing services as the City is ready and able to perform this service for businesses that remain in our jurisdiction during the calendar year.

PROPOSED MOTION

Move to adopt Resolution No. 4822 authorizing a services agreement between the City and the Arizona Department of Revenue to perform municipal privilege tax licensing services on behalf of the Arizona Department of Revenue for calendar year 2015, and authorize the City Manager to sign any documents, agreement amendments, or requests required to implement said agreement.

Attachments: Resolution No. 4822
Services Agreement

c: Marsha Reed, Assistant City Manager
Patrice Kraus, Intergovernmental Affairs Coordinator
Matt Dunbar, Revenue and Tax Manager

RESOLUTION NO. 4822

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AUTHORIZING A SERVICES AGREEMENT BETWEEN THE CITY AND THE ARIZONA DEPARTMENT OF REVENUE TO PERFORM MUNICIPAL PRIVILEGE TAX LICENSING SERVICES ON BEHALF OF THE ARIZONA DEPARTMENT OF REVENUE FOR CALENDAR YEAR 2015.

WHEREAS, as of January 2, 2015, the Arizona Department of Revenue is responsible for issuing annual municipal privilege tax licenses and tax license renewals to persons who engage in a business activity within the City of Chandler, and

WHEREAS, The Arizona Department of Revenue is not able to begin licensing such persons at this time, and

WHEREAS, The City of Chandler has the ability to process applications and issue municipal privilege tax license to persons who engage in a taxable business activity in the City of Chandler; and

NOW, THEREFORE BE IT RESOLVED that the Mayor and Council:

1. Approve the terms and conditions of the City's agreement with the Arizona Department of Revenue to issue, during the calendar year of 2015, annual municipal privilege tax licenses and renewals to persons engaged in taxable business activities within the city limits;
2. Approve the execution of the agreement by the Mayor; and
3. Authorize the City Manager to sign any documents, agreement amendments, or requests required to implement said agreement with Arizona Department of Revenue.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona this ____ day of _____, 2014.

ATTEST:

CITY CLERK

MAYOR:

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4822 as duly passed and adopted by the City Council of the City of Chandler, at a regular meeting held on the ___ day of _____, 2014 and that a quorum was present thereat.

City Clerk

APPROVED AS TO FORM:

City Attorney (*kl*)

AGREEMENT
between the
ARIZONA DEPARTMENT OF REVENUE
and the
CITY OF CHANDLER

Pursuant to A.R.S. § 42-1004, this Agreement is developed and entered into by and between the Arizona Department of Revenue, hereinafter referred to as Department of Revenue, and the City of Chandler, hereinafter referred to as City.

WHEREAS as of January 1, 2015, Department of Revenue will be responsible for issuing annual municipal privilege tax licenses and tax license renewals to persons who engage in a taxable business activity within City; and

WHEREAS Department of Revenue is not able to begin licensing such persons at this time; and

WHEREAS City has the ability to process applications and issue municipal privilege tax licenses to persons who engage in a taxable business activity in City; and

THEREFORE the parties agree City shall perform municipal licensing services on behalf of Department of Revenue as follows:

A. SCOPE OF SERVICES

1. For persons who engage in a business activity in City that require a municipal privilege tax license, City will process the municipal privilege tax license application, issue the municipal privilege tax license, and renew such license for calendar year 2015.
2. Upon application for a municipal privilege tax license, City may charge persons who will be engaged in a taxable business activity in City a fee as specified in A.R.S. § 42-5005(B), as effective January 1, 2015. For persons who apply for a license renewal, City may charge a municipal privilege tax license renewal fee as specified in A.R.S. § 42-5005(D), as effective January 1, 2015. All fees collected pursuant to this section shall be in accordance with A.R.S. § 42-1001 et seq.
3. City shall provide Department of Revenue with licensing information for all persons who obtain a new municipal privilege tax license and/or renew their municipal privilege tax license under the terms of this Agreement.
4. To the extent required by City to perform licensing services under this Agreement, Department of Revenue shall provide City with licensing information. Any information provided by Department of Revenue shall be treated as confidential pursuant to A.R.S. § 42-2001.
5. Nothing in this Agreement shall be interpreted to preclude the City's ability to do what is otherwise authorized by law.

B. FINANCING

City shall be responsible for, and shall not charge Department of Revenue a fee for, the expenses incurred for the services City provides to Department of Revenue under this Agreement. All fees collected by City under the terms of this Agreement are the property of the City and shall be retained by City.

C. DURATION

This Agreement is entered into and is effective on the date it is executed by both parties and shall expire December 31, 2015 unless terminated earlier by the mutual written agreement of the parties.

D. GENERAL TERMS AND CONDITIONS

1. This Agreement is subject to cancellation under A.R.S. § 38-511, cancellation of State contracts.
2. Pursuant to A.R.S. §§ 35-214, 35-215 and 41-2548, the parties must keep all books, accounts, reports, files and other records relating to this Agreement for a period of five (5) years after the completion of this Agreement. All records shall be subject to inspection and audit by the State at all reasonable times.
3. To the extent required by A.R.S. §§ 12-1518(B) and 12-133, the parties agree to resolve any dispute arising out of this Agreement by arbitration.
4. The parties agree to comply with Arizona Executive Order No. 2009-09 and any other Federal or State laws relating to equal opportunity and non-discrimination, including the Americans with Disabilities Act.
5. This Agreement may be amended or modified by written agreement approved and executed by Department of Revenue and City.
6. Nothing in this Agreement shall be construed as limiting or expanding the statutory responsibilities of parties or as requiring the parties to expend any sum in excess of its appropriations.

E. NOTICES

All notices regarding this Agreement shall be sent to the following addresses:

DOR: Arizona Department of Revenue
Audit Division/Cities Unit
1600 W. Monroe
Phoenix, AZ 85007

City: City of Chandler
Management Services Department, 3rd Floor
Attn: Dawn Lang, Management Services Director
175 South Arizona Avenue
Chandler, AZ 85225

By signing below, the signer certifies that he or she has the authority to enter into this Agreement and has read the foregoing and agrees to accept the provisions herein.

Arizona Department of Revenue

City of Chandler

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY (kl)