

Rental, leasing, and licensing for use of tangible personal property (Reg 450.1, Reg. 450.2, Reg 450.3)

Section Number:

450.00

See also [Regulation 450.1](#), [Regulation 450.2](#) and [Regulation 450.3](#)

(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 leasing, licensing for use, or renting tangible personal property for a consideration, including that which is semi-permanently or permanently installed within the City as provided by Regulation.

(b) Special provisions relating to long-term motor vehicle leases. A lease transaction involving a motor vehicle for a minimum period of twenty-four (24) months shall be considered to have occurred at the location of the motor vehicle dealership, rather than the location of the place of business of the lessor, even if the lessor's interest in the lease and its proceeds are sold, transferred, or otherwise assigned to a lease financing institution; provided further that the city or town where such motor vehicle dealership is located levies a Privilege Tax or an equivalent excise tax upon the transaction.

(c) Gross income derived from the following transactions shall be exempt from Privilege Taxes imposed by this Section:

(1) rental, leasing, or licensing for use of tangible personal property to persons engaged or continuing in the business of leasing, licensing for use, or rental of such property.

(2) rental, leasing, or licensing for use of tangible personal property that is semi-permanently or permanently installed within another city or town that levies an equivalent excise tax on the transaction.

(3) rental, leasing, or licensing for use of film, tape, or slides to a theater or other person taxed under Section ___-[410](#), or to a radio station, television station, or subscription television system.

(4) rental, leasing, or licensing for use of the following:

(A) prosthetics.

(B) income-producing capital equipment.

(C) mining and metallurgical supplies.

These exemptions include the rental, leasing, or licensing for use of tangible personal property which, if it had been purchased instead of leased, rented, or licensed by the lessee or licensee, would qualify as income-producing capital equipment or mining and metallurgical supplies.

(5) rental, leasing, or licensing for use of tangible personal property to a qualifying hospital, qualifying community health center or a qualifying health care organization, except when the property so rented, leased, or licensed is for use in activities resulting in gross income from unrelated business income as that term is defined in [26 U.S.C. Section 512\(link is external\)](#) or rental, leasing, or licensing for use of tangible personal property in this State by a nonprofit charitable organization that has qualified under [Section 501\(c\)\(3\) of the United States Internal Revenue Code\(link is external\)](#) and that engages in and uses such property exclusively for training, job placement or rehabilitation programs or testing for mentally or physically handicapped persons.

(6) separately billed charges for delivery, installation, repair, and/or maintenance as provided by Regulation.

(7) charges for joint pole usage by a person engaged in the business of providing or furnishing utility or telecommunication services OR THAT IS A CABLE OPERATOR, OR CHARGES FOR JOINT POLE USAGE to A person engaged in the business of providing or furnishing utility or telecommunication services OR THAT IS A CABLE OPERATOR. "CABLE OPERATOR" HAS THE SAME MEANING AS PRESCRIBED BY [A.R.S. Section 9-505\(link is external\)](#).

(8) the gross income from coin-operated washing, drying, and dry cleaning machines, or from coin-operated car washing machines. This exemption shall not apply to suppliers or distributors renting, leasing, or licensing for use of such equipment to persons engaged in the operation of coin-operated washing, drying, dry cleaning, or car washing establishments.

**** (Model Option #7:**

(8) (Reserved)**

(9) rental, leasing, or licensing of aircraft that would qualify as aircraft acquired for use outside the State, as prescribed by Regulation, if such rental, leasing, or licensing had been a sale.

(10) rental, leasing and licensing for use of an alternative fuel vehicle if such vehicle was manufactured as a diesel fuel vehicle and converted to operate on alternative fuel and equipment that is installed in a conventional diesel fuel motor vehicle to convert the vehicle to operate on an alternative fuel, as defined in [A.R.S. Section 1-215\(link is external\)](#).

(11) rental, leasing, and licensing for use of solar energy devices, for taxable periods beginning from and after July 1, 2008. The lessor shall register with the Department of Revenue as a solar energy retailer. By registering, the lessor acknowledges that it will make its books and records relating to leases of solar energy devices available to the Department of Revenue and City, as applicable, for examination.

(12) leasing or renting certified ignition interlock devices installed pursuant to the requirements prescribed by [A.R.S. Section 28-1461\(link is external\)](#). For

the purposes of this paragraph, "certified ignition interlock device" has the same meaning prescribed in [A.R.S. Section 28-1301\(link is external\)](#).

(13) RENTAL, LEASING, AND LICENSING FOR USE TANGIBLE PERSONAL PROPERTY BY A PARENT BUSINESS ENTITY TO A SUBSIDIARY BUSINESS ENTITY OR BY A SUBSIDIARY BUSINESS ENTITY TO ANOTHER SUBSIDIARY OF THE SAME PARENT BUSINESS ENTITY IF TAXES WERE PAID UNDER THIS SECTION ON THE GROSS PROCEEDS OR GROSS INCOME ACCRUING FROM THE INITIAL SALE OF THE TANGIBLE PERSONAL PROPERTY. FOR THE PURPOSES OF THIS PARAGRAPH, "SUBSIDIARY" MEANS A BUSINESS ENTITY OF WHICH AT LEAST EIGHT PERCENT OF THE VOTING SHARES ARE OWNED BY THE PARENT BUSINESS ENTITY.