

# Fiscal Note

**BILL #** SB 1330

**TITLE:** TPT exemption; livestock watering equipment

**SPONSOR:** Gowan

**STATUS:** As Amended by Senate FIN

**PREPARED BY:** Molly Murphy

## Description

The bill would exempt, beginning January 1, 2022, the gross income derived from sales of machinery and equipment primarily used for watering livestock that is sold to a person engaged in commercially producing livestock from transaction privilege tax (TPT) and Use Tax.

## Estimated Impact

We cannot determine the impact of this bill due to a lack of industry-specific data.

## Analysis

Under current law, machinery and equipment primarily used for watering livestock in Arizona is subject to retail TPT and Use Tax. This bill would exempt livestock watering equipment from TPT and Use Tax.

In order to provide an estimate of the fiscal impact of the bill, we would need to know the total amount of machinery and equipment primarily used for watering livestock purchased yearly. While the estimated market value of all farm machinery and equipment in Arizona was \$1,480,070,000, we could not find information on how much of this pertains to livestock watering equipment or how much is purchased annually. In the absence of industry information on annual sales, we cannot determine the fiscal impact of the bill.

## Local Government Impact

Under the statutory distribution formula, a certain percentage (based on TPT classification) of state TPT is shared with incorporated cities and towns as well as counties. Therefore, insofar as this bill reduces state TPT, it would also result in reduced revenue distributions to municipalities and counties. However, as noted above, due to a lack of sales data on livestock watering equipment, we cannot determine this impact.

2/15/21