



**ARIZONA STATE SENATE**  
*Fifty-Fifth Legislature, First Regular Session*

**REVISED**  
**AMENDED**

FACT SHEET FOR S.B. 1330

TPT exemption; livestock watering equipment

Purpose

Exempts, for taxable periods beginning January 1, 2022, the sales or 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.

Background

TPT is currently levied by the state for the privilege of conducting business in Arizona under 16 separate business classifications. TPT is imposed on the gross receipts of taxable businesses, with the exception of prime contractors. Prime contractors are not subject to tax on the gross receipts from contracts for the maintenance, repair, replacement or alteration (MARRA) of real property if such contracts do not include modification activity. All gross receipts are subject to tax under one of the TPT business classifications, unless exempted or excluded by statute. Unless specifically provided for by law, exemptions and deductions under one TPT business classification may not be used under another classification.

Use tax is assessed on items purchased in other states and brought into Arizona for storage, use or consumption, and for which no tax, or tax at a lesser rate, has been paid in another state ([JLBC 2020 Tax Handbook](#)).

The Joint Legislative Budget Committee fiscal note states that due to the absence of industry-specific information on the annual sales of machinery and equipment primarily used for watering livestock a fiscal impact cannot be determined ([JLBC Fiscal Note](#)).

Provisions

1. Exempts, from TPT and use tax, the sales or income derived from sales of machinery and equipment that are sold to a person engaged in commercially producing livestock in Arizona, including a person representing or working on behalf of a person under a MARRA contract, if the machinery and equipment are used directly and primarily for watering livestock.
2. Applies the exemption to taxable periods beginning January 1, 2022.
3. Contains a technical conditional enactment.
4. Makes technical and conforming changes.

5. Becomes effective on the general effective date or later, subject to the provisions of the conditional enactment.

Amendments Adopted by the Finance Committee

- Applies the exemption to taxable periods beginning January 1, 2022.

Senate Action

FIN            2/10/21    DPA    5-4-1

Revisions

- Updates the fiscal impact statement.

Prepared by Senate Research

February 16, 2021

MG/ML/gs