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**CITY OF TEMPE**  
**REQUEST FOR COUNCIL ACTION**

**Council Meeting Date: 12/04/2014**  
**Agenda Item: 5C5**

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**ACTION:** Adopt a resolution authorizing the Mayor to sign an agreement with the Arizona Department of Revenue, authorizing the City of Tempe to perform municipal Transaction Privilege Tax Licensing procedures on behalf of the Arizona Department of Revenue for one year beginning January 1, 2015. (Resolution No. R2014.156)

**FISCAL IMPACT:** The cost of performing the licensing procedures is included in the fiscal year 2014-15 General Fund budget. It is anticipated that remaining resources dedicated to licensing functions will be shifted to compliance functions when Arizona Department of Revenue (ADOR) takes over licensing.

**RECOMMENDATION:** Adopt Resolution No. R2014.156.

**BACKGROUND INFORMATION:** The Arizona Legislature approved legislation that prohibits cities from administering municipal Transaction Privilege Tax (TPT) licensing and payment processing functions and shifts those duties to Arizona Department of Revenue (ADOR) effective January 1, 2015. ADOR will not be prepared to assume the licensing functions on January 1, 2015 for the 18 cities that currently perform their own licensing functions, and the City of Tempe is prepared to continue performing these functions for Tempe TPT licenses while ADOR completes its system upgrades. A formal agreement authorizing Tempe to perform the licensing functions on behalf of ADOR is necessary to comply with the legislative requirements. ADOR will take-over the auditing and audit collections processes on January 1, 2015, as prescribed in the legislation.

**ATTACHMENTS:** Resolution and Agreement

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