

Arizona Municipal Tax Code Commission

Sunset Review

The Arizona Municipal Tax Code Commission delegated its responsibility for reviewing proposed Model City Tax Code amendments to an entity not recognized in statute, without clear statutory authority to do so, limiting public transparency

Audit purpose

To determine whether the Commission met its statutory objective and purpose to review, hold public hearings on, and approve or deny proposed amendments to the Model City Tax Code (Code) and to respond to the 10 statutory sunset factors.¹

Key findings

- ▶ Commission's purpose is to review, hold public hearings on, and approve or deny proposed amendments to the Code, a uniform sales and use tax act that Arizona cities and towns may adopt intended to facilitate uniform city taxes while providing cities/towns with options to tax or exempt certain items; Arizona Department of Revenue (Department) staff provide administrative support for the Commission.
- ▶ In December 2025, the Commission held a public meeting to consider and approve 5 proposed Code amendments, the first time it has done so since May 2019.
- ▶ Without explicit authority to do so, the Commission delegated its responsibility to review proposed Code amendments to the City Tax Administrators Council (CTAC), an entity not recognized in statute or required to follow open meeting laws, limiting public transparency.
- ▶ A statutory change to require the Commission to hold informational public hearings on all proposed Code amendments could help improve public transparency.

Key recommendations to the Department and Legislature

- ▶ The Department should coordinate with the Commission to request an Attorney General opinion about whether the Commission may lawfully delegate its responsibilities to CTAC or alternatively work with the Legislature to clarify the Commission's statutory authority to delegate any of its responsibilities.
- ▶ The Legislature should consider revising statute to require the Commission to hold informational public hearings on all proposed Code amendments it receives.

¹ The Arizona Auditor General conducted this sunset review of the Department pursuant to an October 7, 2025, resolution of the Joint Legislative Audit Committee. This audit was conducted as part of the sunset review process prescribed in Arizona Revised Statutes §41-2951 et seq.