

[Arizona Revised Statutes Annotated](#)

[Title 9. Cities and Towns](#)

[Chapter 4. General Powers](#)

[Article 8. Miscellaneous \(Refs & Annos\)](#)

A.R.S. § 9-500.11

§ 9-500.11. Expenditures for economic development; requirements; definitions

Currentness

<Text of section as amended by [Laws 2005, Ch. 200, § 1](#). See, also, section amended by [Laws 2005, Ch. 105, § 2](#).>

- A.** In addition to any other powers granted to a city or town, the governing body of a city or town may appropriate and spend public monies for and in connection with economic development activities.
- B.** To fund economic development activities under this section, a city or town subject to the requirements of [§ 9-500.06](#) shall not impose a new fee or tax on a single specific industry or type of business.
- C.** Notwithstanding [§ 19-142, subsection B](#), a decision by the governing body involving an expenditure pursuant to this section shall not be enacted as an emergency measure and that decision is not effective for at least thirty days after final approval of the expenditure.
- D.** Before entering into a retail development tax incentive agreement, a city or town shall make a finding by a simple majority vote of the governing body without the use of consent calendar that includes both of the following:
1. That the proposed tax incentive is anticipated to raise more revenue than the amount of the incentive within the duration of the agreement.
  2. That in the absence of a tax incentive, the retail business facility or similar retail business facility would not locate in the city or town in the same time, place or manner.
- E.** A city or town located in or within twenty-five miles of the exterior boundary of a metropolitan statistical area having a population of more than two million persons shall make a finding pursuant to subsection D of this section, by a two-thirds vote of the governing body.
- F.** A city or town shall not enter into a retail tax incentive agreement if the proposed tax incentive raises less revenue than the amount of the incentive.
- G.** A city or town shall present a status report of the revenues and expenses associated with the tax incentive every two years for the duration of the agreement in a public meeting.
- H.** The finding made pursuant to subsection D, paragraph 1 of this section shall be verified by an independent third party before the city or town enters into the retail development incentive agreement.

**I.** The adoption of the retail development tax incentive agreement shall be approved by a simple majority vote of the governing body without the use of consent calendar. For a city or town located in or within twenty-five miles of the exterior boundary of a metropolitan statistical area having a population of more than two million persons, the adoption of a retail development tax incentive agreement shall be approved by an affirmative vote of at least two-thirds of the governing body without the use of consent calendar.

**J.** A person or business entity receiving the retail development tax incentive agreement shall not finance the independent third party verification of the findings or have input into the selection of the independent third party verifying the findings.

**K.** A city or town shall adopt a notice of intent to enter into a retail development tax incentive agreement at least fourteen days before approving a retail development tax incentive agreement.

**L.** Subsection D of this section does not apply to tax incentives given to a business entity in an area that is designated by a city or town as a redevelopment project as defined in [§ 36-1471](#).

**M.** For the purposes of this section:

1. “Economic development activities” means any project, assistance, undertaking, program or study, whether within or outside the boundaries of the city or town, including acquisition, improvement, redevelopment, leasing or conveyance of improved or unimproved real or personal property or other activity, that the governing body of the city or town has found and determined will assist in the creation or retention of jobs or will otherwise improve or enhance the economic welfare of the inhabitants of the city or town.

2. “Expenditure” includes any waiver, exemption, deduction, credit, rebate, discount, deferral or other abatement or reduction of the normal municipal tax liability that otherwise applies to similar existing business entities and properties in that city or town, however denominated, computed or applied, and that is generally understood as an inducement to locate a business facility or other operation in the city or town.

3. “Metropolitan statistical area” means a geographical area consisting of cities, towns and other populated areas defined for federal statistical and census purposes by the United States office of management and budget with technical assistance from the United States bureau of the census.

4. “Retail” means the sale of tangible personal property, except the sale of tangible personal property to a person who is engaged in the business of selling such property.

5. “Retail development activities” means those economic development activities that involve the acquisition, improvement, leasing or conveyance of improved or unimproved real or personal property or other activity to facilitate the sale of goods at retail, including the sale of automobiles, or to facilitate other activities, including theater and restaurant development, that generate revenues that are subject to municipal transaction privilege taxation.

6. “Retail development tax incentive agreement” means an agreement between a city or town and a person engaged in or planning to engage in retail development activities within that city or town in which the city or town agrees to pay, refund, credit, rebate or otherwise provide to that person all or a portion of the sales, use or transaction privilege taxes payable to that city or town in connection with the construction, development or operation of the retail development activities.

**Credits**

Added as § 9-500.10 by [Laws 1994, Ch. 280, § 2](#). Renumbered as § 9-500.11. Amended by [Laws 2005, Ch. 200, § 1](#).

A. R. S. § 9-500.11, AZ ST § 9-500.11

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