



Date: May 1, 2015

To: City Finance Directors and other City Representatives

From: Lynette M. Nowlan, Assistant Director for Process Administration
Tom Johnson, Assistant Director for Audit Division

Subject: Proposed Processes for Licensing Residential Rental Clients of Property Management Companies.

Douglas A. Ducey
Governor

David Raber
Director

Due to the passage of HB2111 during the 2013 legislative session and HB 2389 during the 2014 legislative session, the Department will begin administering the transaction privilege tax (TPT) for the fifteen cities that are currently not a part of the Department's City Program (non-program cities). As a result, the Department will begin licensing Residential Rental clients of Property Management Companies in July, 2015.

PROCESS RECOMMENDATION:

1. The AZDOR will provide a finalized spreadsheet with sample data and instructions to the Arizona Realtors Association (ARA) and the Arizona Multi-Housing Association (AMA) to distribute to its members; Property Management Companies (PMC).
2. The ARA and the AMA will distribute the spreadsheet to the PMC's, who in turn will work with their clients to obtain:
 - A Power of Attorney (POA) - AZDOR Form 285 or
 - An Updated contract with appropriate POA language inserted into the contract
 - All of the information necessary to complete all fields on the spreadsheet.
3. The PMC's must provide a complete list of all clients and for all jurisdictions
4. The PMC's must ensure the following before sending the spreadsheets to the AZDOR to prevent delay's in creating the accounts.
 - Properties with the same owner and same SSN or EIN must be grouped together
 - All fields must be complete
 - Primary address is to be the owner's address
 - Mailing address is to be the PMC's address (unless otherwise noted)
 - Physical address is to be the address of the rental property

5. The PMC's will return the spreadsheet to the AZDOR via email.
 - o Email the spreadsheet to: PMCDATA@AZDOR.GOV
6. The PMC's will also email a signed copy of the Memorandum of Understanding (MOU) along with the spreadsheet, so that the AZDOR can create the account and return the license certificate to the PMC. **Note: Without a signed MOU the account cannot be created and the license certificate cannot be mailed to the PMC.**
7. The PMC's should not send payments (checks or cash) with the spreadsheet. If there are any fees, a bill(s) will be sent to the PMC.
8. The AZDOR will create TPT accounts from the information provided on the spreadsheet.
9. The license certificates will be batched and sent to SourceHov for mailing to the PMC.

FILE AND PAYMENT OF RETURNS:

1. The PMC's will continue to file and pay TPT by jurisdiction using the original license until notified by the AZDOR to begin using the new license.

Should you or your staff have further questions regarding the procedure described in this memo, please contact Robert Ellis at 602-716-6123.