

## IMPORTANT INFORMATION REGARDING UTILITY SERVICES

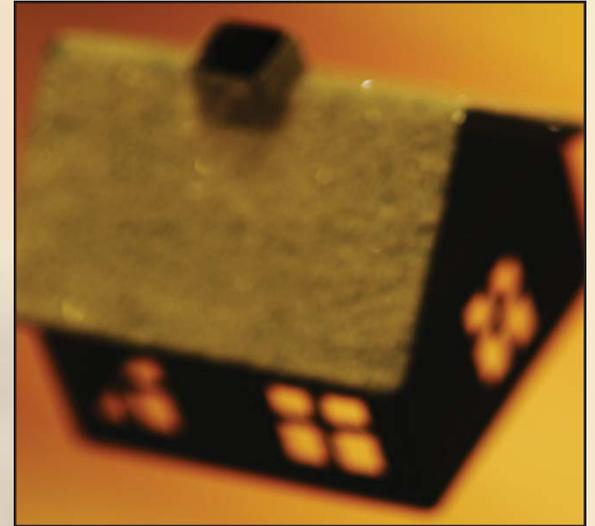
The City of Peoria Code Section 2-408(e) requires that before activating utility service, all charges against the property shall be paid. If a tenant vacates the property and there is a balance due on the account after applying all deposits, it must be paid in order to resume service. If a landlord is concerned about a tenant's utility account, they can contact the city to confirm its status - current or past due. The city cannot discuss the amounts due or the tenant's personal information.

**NOTE: This brochure is meant to be a guideline only.** For complete details, refer to the City of Peoria Tax Code.

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## Renting Out Your Residential Property

A guide for Peoria landlords



## Who needs to obtain a license?

A person who owns residential unit(s) for rent in the city of Peoria must obtain a business license and remit the appropriate tax. Therefore, **any owner renting property in Peoria must be licensed with the city.**

The **residential rental classification** includes:

- Detached house
- Condominium
- Townhouse
- Apartment
- Manufactured home
- Mobile home (trailer) space
- Group home
- Assisted living facilities
- Residential space, such as a room to a college student.

Residential rentals for less than 30 consecutive days are considered “transient lodging,” and are reported under hotel/motel classification at a 5.6% tax rate.

## What if a company is managing my rental property?

The city requires the license to be issued in the name of the property owner. The application for the license can be submitted by the management company. Also, the management company can file the required tax returns and remit tax to the city of Peoria on behalf of the property owner.

**Tax Reporting:** Property managers may submit consolidated tax reports. Attached to the monthly return should be a list of properties and the associated license number for each property. In addition, this listing will reflect the itemized gross revenues, deductions, and tax paid for each property.

**When terminating a management contract**, the property manager must take one of the following actions:

**A.** If the property continues to be a rental, notify the city that the tax responsibility has reverted back to the property owner and provide a current mailing address;

**OR**

**B.** If the property has been sold, notify the city to cancel the license and provide the date of the sale. Provide the new owner’s name, address and phone number (if available).

The management company should not cancel the property owner’s license unless the property has been sold or unless the owner has reoccupied the residence.

## Change in Property Title or Ownership

Any change in title or ownership requires a new license. A transfer of ownership from an individual(s) to a trust or LLC is considered a change of ownership. Owners are required to notify the Tax & License Division within 30 days of any ownership change.

Owners are also required to notify the Tax & License Division of any changes in mailing address and rental properties (purchased or sold).

## What is the tax rate for residential rentals?

The city’s tax rate is 1.8%

## What is taxable?

All amounts paid by the renter to, or on behalf of, the owner are taxable.

In addition to rent, **taxable income includes payments by the tenant** for:

- Pet fees
- Telecommunications (cable TV, phone, internet)
- Non-refundable deposits
- Forfeited deposits
- Utilities
- Pool service or landscape maintenance
- Homeowner association fees
- Late fees, court fees and legal fees
- Repairs and/or improvements
- Property taxes
- Mortgages or home equity loans

## What deductions are allowed?

The following items may be taken as deductions on the city tax return when included in the gross income:

- City tax collected or factored (Example: \$1,000 x 0.017681=\$17.68)
- Rent (bad debt) on which tax was paid on a previous return
- Refundable security deposits, unless retained
- Utility charges (only if individual utility meters have been installed and each tenant pays the exact amount billed by the utility company)
- Room charges to patients of qualifying health care organizations
- Charges to patients receiving ‘personal care’ or ‘directed care’ by any licensed assisted living facility.

The following expenses paid by the owner or tenant are **NOT allowable deductions:**

- Payments for repairs, pool service, landscape maintenance, or service labor
- Homeowner association (HOA) fees