

State of Arizona
House of Representatives
Forty-ninth Legislature
First Regular Session
2009

HOUSE BILL 2346

AN ACT

AMENDING SECTIONS 42-11132, 42-11153, 42-12001 AND 42-12009, ARIZONA REVISED
STATUTES; RELATING TO PROPERTY TAX CLASSIFICATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-11132, Arizona Revised Statutes, is amended to
3 read:

4 42-11132. Property leased to an educational institution

5 A. Property, buildings and fixtures that are ~~owned by an educational,~~
6 ~~a religious or a charitable organization, institution or association and~~
7 leased to a not for profit ~~educational organization, institution or~~
8 ~~association are exempt from taxation if the property is~~ CHARTER SCHOOL AND
9 THAT ARE used for educational instruction in any grade or program through
10 grade twelve SHALL BE CLASSIFIED AS CLASS NINE PROPERTY PURSUANT TO SECTION
11 42-12009. IF ONLY PART OF A PARCEL OF REAL PROPERTY OR IMPROVEMENTS TO REAL
12 PROPERTY IS LEASED FOR OPERATION OF A CHARTER SCHOOL, ONLY THE PORTION SO
13 LEASED QUALIFIES AS CLASS NINE PROPERTY.

14 B. PROPERTY, BUILDINGS AND FIXTURES THAT ARE OWNED BY AN EDUCATIONAL,
15 A RELIGIOUS OR A CHARITABLE ORGANIZATION, INSTITUTION OR ASSOCIATION AND
16 LEASED TO A NOT FOR PROFIT EDUCATIONAL ORGANIZATION, INSTITUTION OR
17 ASSOCIATION ARE EXEMPT FROM TAXATION IF THE PROPERTY IS USED FOR EDUCATIONAL
18 INSTRUCTION IN ANY GRADE OR PROGRAM THROUGH GRADE TWELVE.

19 ~~B-~~ C. If the educational, religious or charitable organization,
20 institution or association that owns the property files with the assessor
21 evidence of the organization's tax exempt status under section 501(c)(3) of
22 the internal revenue code and an affidavit by the educational organization,
23 institution or association that it uses the property for educational
24 instruction as described in subsection ~~A-~~ B of this section, the property
25 qualifies for the tax exemption under this section and is exempt from the
26 requirement of filing subsequent affidavits under section 42-11152 until all
27 or part of the property is conveyed to a new owner or is no longer used for
28 educational purposes. At that time the religious or charitable organization,
29 institution or association must notify the assessor of the change in writing.

30 Sec. 2. Section 42-11153, Arizona Revised Statutes, is amended to
31 read:

32 42-11153. Deadline for filing affidavit

33 A. Except as provided in section 42-11104, subsection E, section
34 42-11109, subsection B, section 42-11110, subsection B, section 42-11111,
35 subsection H, section 42-11131, subsection C and section 42-11132, subsection
36 ~~B-~~ C, a failure by a taxpayer who is entitled to an exemption to make an
37 affidavit or furnish evidence required by this article between the first
38 Monday in January and March 1 of each year constitutes a waiver of the
39 exemption.

40 B. If a widow, widower or disabled person whose property is exempt
41 from tax under section 42-11111, or an organization that is exempt from
42 federal income tax under section 501(c) of the internal revenue code and is
43 exempt from property tax under article 3 of this chapter, submits a petition
44 after the deadlines prescribed by subsection A of this section, the person or
45 organization may have the waiver redeemed by the county board of supervisors

1 at any regular meeting, except that no taxes that were due and payable before
2 the petition was submitted may be refunded or abated.

3 Sec. 3. Section 42-12001, Arizona Revised Statutes, is amended to
4 read:

5 42-12001. Class one property

6 For purposes of taxation, class one is established consisting of the
7 following subclasses:

8 1. Producing mines and mining claims, personal property used on mines
9 and mining claims, improvements to mines and mining claims and mills and
10 smelters operated in conjunction with mines and mining claims that are valued
11 at full cash value pursuant to section 42-14053.

12 2. Standing timber that is valued at full cash value.

13 3. Real and personal property of gas distribution companies, electric
14 transmission companies, electric distribution companies, combination gas and
15 electric transmission and distribution companies, companies engaged in the
16 generation of electricity and electric cooperatives that are valued at full
17 cash value pursuant to section 42-14151.

18 4. Real and personal property of airport fuel delivery companies that
19 are valued pursuant to section 42-14503.

20 5. Real and personal property that is used by producing oil, gas and
21 geothermal resource interests that are valued at full cash value pursuant to
22 section 42-14102.

23 6. Real and personal property of water, sewer and wastewater utility
24 companies that are valued at full cash value pursuant to section 42-14151.

25 7. Real and personal property of pipeline companies that are valued at
26 full cash value pursuant to section 42-14201.

27 8. Real and personal property of shopping centers that are valued at
28 full cash value or pursuant to chapter 13, article 5 of this title, as
29 applicable, OTHER THAN PROPERTY THAT IS INCLUDED IN CLASS NINE.

30 9. Real and personal property of golf courses that are valued at full
31 cash value or pursuant to chapter 13, article 4 of this title.

32 10. All property, both real and personal, of manufacturers, assemblers
33 or fabricators valued under ~~the provisions of~~ this title.

34 11. Real and personal property that is used in communications
35 transmission facilities and that provides public telephone or
36 telecommunications exchange or interexchange access for compensation to
37 effect two-way communication to, from, through or within this state.

38 12. Real property and improvements that are devoted to any other
39 commercial or industrial use, other than property that is specifically
40 included in another class described in this article, and that are valued at
41 full cash value.

42 13. Personal property that is devoted to any other commercial or
43 industrial use, other than property that is specifically included in another
44 class described in this article, and that is valued at full cash value.

1 Sec. 4. Section 42-12009, Arizona Revised Statutes, is amended to
2 read:

3 42-12009. Class nine property

4 A. For purposes of taxation, class nine is established consisting of:

5 1. Improvements that are located on federal, state, county or
6 municipal property and owned by the lessee of the property if:

7 (a) The improvements become the property of the federal, state, county
8 or municipal owner of the property on termination of the leasehold interest
9 in the property.

10 (b) Both the improvements and the property are used primarily for
11 athletic, recreational, entertainment, artistic, cultural or convention
12 activities.

13 2. Improvements that are located on federal, state, county or
14 municipal property and owned by the lessee of the property if:

15 (a) The improvements become the property of the federal, state, county
16 or municipal owner of the property on termination of the leasehold interest
17 in the property.

18 (b) Both the improvements and the property are:

19 (i) Used for or in connection with aviation, including hangars,
20 tie-downs, aircraft maintenance, sales of aviation related items, charter and
21 rental activities, parking facilities and restaurants, stores and other
22 services located in a terminal.

23 (ii) Located on a state, county, city or town airport or a public
24 airport operating pursuant to sections 28-8423, 28-8424 and 28-8425.

25 3. Property that is defined as "contractor-acquired property" or
26 "government-furnished property" in the federal acquisition regulations
27 (48 Code of Federal Regulations section 45.101) and that is leased to or
28 acquired by the government and used to perform a government contract.

29 4. Property of a corporation that is organized by or at the direction
30 of this state or a county, city or town to develop, construct, improve,
31 repair, replace or own any property, improvement, building or other facility
32 to be used for public purposes that the state, county, city or town pledges
33 to lease or lease-purchase with state, county or municipal special or general
34 revenues and that is not otherwise exempt under chapter 11, article 3 of this
35 title.

36 5. REAL PROPERTY AND IMPROVEMENTS, INCLUDING LAND, BUILDINGS,
37 FURNITURE AND EQUIPMENT, REGARDLESS OF OWNERSHIP, THAT ARE LEASED FOR THE
38 ENTIRE VALUATION YEAR TO, AND USED EXCLUSIVELY BY, A NONPROFIT ORGANIZATION
39 THAT IS RECOGNIZED UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND
40 THAT OPERATES ON THE PREMISES AS A CHARTER SCHOOL PURSUANT TO SECTION 15-183.
41 IF ONLY PART OF A PARCEL OF REAL PROPERTY OR IMPROVEMENTS TO REAL PROPERTY IS
42 LEASED FOR OPERATION OF A CHARTER SCHOOL AS PROVIDED BY THIS PARAGRAPH, ONLY
43 THE PORTION SO LEASED QUALIFIES FOR CLASSIFICATION UNDER THIS SECTION. A
44 PROPERTY OWNER WHO LEASES PROPERTY TO A CHARTER SCHOOL SHALL FILE AN
45 AFFIDAVIT WITH THE COUNTY ASSESSOR STATING THAT THE CHARTER SCHOOL SHALL BE

1 THE SOLE BENEFICIARY OF THE CHANGE IN PROPERTY TAX CLASSIFICATION PURSUANT TO
2 THIS SECTION AND THAT THE LEASE RATE THAT IS CHARGED TO THE CHARTER SCHOOL IS
3 CONSISTENT WITH THE LEASE RATES THAT ARE CHARGED TO OTHER TENANTS OF THE
4 PROPERTY OR A FAIR MARKET RATE.

5 B. Improvements that are located in an area defined as a research park
6 pursuant to section 35-701 may not be classified under this section.

7 C. All property classified as class nine is subject to valuation at
8 full cash value.