

REFERENCE TITLE: GPLET; lease records and reporting

State of Arizona
House of Representatives
Forty-ninth Legislature
Second Regular Session
2010

HB 2504

Introduced by
Representative Murphy

AN ACT

AMENDING SECTIONS 42-6202, 42-6203, 42-6204, 42-6205, 42-6206, 42-6208,
42-6209 AND 42-6210, ARIZONA REVISED STATUTES; RELATING TO GOVERNMENT
PROPERTY LEASE EXCISE TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 42-6202, Arizona Revised Statutes, is amended to
3 read:
4 42-6202. Commercial government property lease excise tax
5 A. ~~A government lessor shall levy and~~ THERE IS LEVIED AND THE COUNTY
6 TREASURER SHALL collect an annual excise tax on each prime lessee for the use
7 or occupancy of ~~the~~ EACH government lessor's government property improvement.
8 B. A government lessor may not own or operate a government property
9 improvement unless one of the following applies:
10 1. ~~The government lessor levies and collects a commercial~~ THE
11 IMPROVEMENT IS SUBJECT TO THE government property lease excise tax under this
12 article with respect to the improvement.
13 2. The improvement is exempt from tax under section 42-6208.
14 3. Tax on the improvement has been abated under section 42-6209.
15 C. WITHIN THIRTY DAYS AFTER ENTERING INTO A LEASE FOR THE OCCUPANCY OF
16 A GOVERNMENT PROPERTY IMPROVEMENT, THE GOVERNMENT LESSOR SHALL:
17 1. RECORD A MEMORANDUM OF LEASE IN THE OFFICE OF THE COUNTY RECORDER
18 IN THE COUNTY IN WHICH THE GOVERNMENT PROPERTY IMPROVEMENT IS LOCATED. THE
19 MEMORANDUM OF LEASE MUST INCLUDE THE BASIC LEASE TERMS, INCLUDING THE NAMES
20 OF THE PARTIES, THE LEASED PROPERTY, THE LEASE TERM, INCLUDING THE BEGINNING
21 AND ENDING DATES, AND ANY OPTIONS TO RENEW THE LEASE OR TO PURCHASE ANY OF
22 THE GOVERNMENT PROPERTY IMPROVEMENT OR GOVERNMENT OWNED LAND.
23 2. SUBMIT TO THE COUNTY TREASURER AND THE DEPARTMENT OF REVENUE COPIES
24 OF THE LEASE OR AN ABSTRACT OF THE LEASE.
25 D. THE DEPARTMENT OF REVENUE SHALL MAINTAIN A PUBLIC DATABASE BY
26 COUNTY, CITY AND TOWN OF ALL GOVERNMENT PROPERTY LEASES THAT ARE SUBJECT TO
27 THE TAX UNDER THIS ARTICLE.
28 E. IF A COUNTY ASSESSOR BECOMES AWARE OF A GOVERNMENT PROPERTY
29 IMPROVEMENT THAT IS OR SHOULD BE SUBJECT TO THE TAX UNDER THIS ARTICLE, THE
30 ASSESSOR SHALL NOTIFY THE COUNTY TREASURER AND THE DEPARTMENT OF REVENUE FOR
31 CONFIRMATION THAT THE IMPROVEMENT IS INCLUDED IN THEIR DATABASES.
32 Sec. 2. Section 42-6203, Arizona Revised Statutes, is amended to read:
33 42-6203. Rates of tax
34 A. Except as otherwise provided in this section, IF THE CURRENT LEASE
35 OF THE GOVERNMENT PROPERTY IMPROVEMENT, BETWEEN THE CURRENT PRIME LESSEE AND
36 THE CURRENT GOVERNMENT LESSOR, WAS ENTERED INTO BEFORE JANUARY 1, 2011, OR IF
37 A DEVELOPMENT AGREEMENT ENTERED INTO BEFORE JANUARY 1, 2011 REQUIRED THE
38 CURRENT PRIME LESSEE AND THE CURRENT GOVERNMENT LESSOR TO ENTER INTO THE
39 CURRENT LEASE FROM AND AFTER DECEMBER 31, 2010 ON THE OCCURRENCE OF SPECIFIED
40 CONDITIONS:
41 1. The tax authorized by this article shall be levied and collected at
42 the following rates:
43 ~~1.~~ (a) One dollar per square foot of gross building space for office
44 buildings with one floor above ground.

- 1 ~~2.~~ (b) One dollar twenty-five cents per square foot of gross building
2 space for office buildings with more than one but fewer than eight floors
3 above ground.
- 4 ~~3.~~ (c) One dollar seventy-five cents per square foot of gross
5 building space for office buildings with eight floors or more above ground.
- 6 ~~4.~~ (d) One dollar fifty cents per square foot of retail building
7 space, including space that is devoted to the sale of tangible personal
8 property, restaurants, health clubs, hair salons, dry cleaners, travel
9 agencies and other retail services.
- 10 ~~5.~~ (e) One dollar fifty cents per square foot of hotel or motel
11 building space.
- 12 ~~6.~~ (f) Seventy-five cents per square foot of warehouse or industrial
13 building space.
- 14 ~~7.~~ (g) Fifty cents per square foot of residential rental building
15 space.
- 16 ~~8.~~ (h) One hundred dollars per parking space located in a parking
17 garage or deck.
- 18 ~~9.~~ (i) One dollar per square foot of all other government property
19 improvements not included in ~~paragraphs 1 through 8~~ SUBDIVISIONS (a) THROUGH
20 (h) of this ~~subsection~~ PARAGRAPH.
- 21 ~~B.~~ 2. The tax rate for government property improvements for which the
22 original certificate of occupancy was issued:
- 23 ~~1.~~ (a) At least ten years but less than twenty years before the date
24 the tax is due is eighty per cent of the rate provided in ~~subsection A~~
25 PARAGRAPH 1 of this ~~section~~ SUBSECTION.
- 26 ~~2.~~ (b) At least twenty years but less than thirty years before the
27 date the tax is due is sixty per cent of the rate provided in ~~subsection A~~
28 PARAGRAPH 1 of this ~~section~~ SUBSECTION.
- 29 ~~3.~~ (c) At least thirty but less than forty years before the date the
30 tax is due is forty per cent of the rate provided in ~~subsection A~~ PARAGRAPH 1
31 of this ~~section~~ SUBSECTION.
- 32 ~~4.~~ (d) At least forty but less than fifty years before the date the
33 tax is due is twenty per cent of the rate provided in ~~subsection A~~ PARAGRAPH
34 1 of this ~~section~~ SUBSECTION.
- 35 ~~5.~~ (e) Fifty or more years before the date the tax is due is zero.
- 36 ~~C.~~ 3. If no certificate of occupancy can be located, dated aerial
37 photographs or other evidence of substantial completion may be used to
38 determine the age of the building for purposes of ~~subsection B~~ PARAGRAPH 2 of
39 this ~~section~~ SUBSECTION.
- 40 B. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, IF THE CURRENT LEASE
41 OF THE GOVERNMENT PROPERTY IMPROVEMENT, BETWEEN THE CURRENT PRIME LESSEE AND
42 THE CURRENT GOVERNMENT LESSOR, WAS ENTERED INTO FROM AND AFTER DECEMBER 31,
43 2010, OR IF THE CURRENT LEASE IS NOT THE SUBJECT OF A DEVELOPMENT AGREEMENT
44 ENTERED INTO BEFORE JANUARY 1, 2011:

1 1. THE TAX AUTHORIZED BY THIS ARTICLE SHALL BE LEVIED AND COLLECTED AT
2 THE FOLLOWING BASE RATES, WHICH APPLY THROUGH DECEMBER 31, 2011, SUBJECT TO
3 ANNUAL ADJUSTMENT PURSUANT TO PARAGRAPH 2 OF THIS SUBSECTION:

4 (a) ONE DOLLAR FIFTY-TWO CENTS PER SQUARE FOOT OF GROSS BUILDING SPACE
5 FOR OFFICE BUILDINGS WITH ONE FLOOR ABOVE GROUND.

6 (b) ONE DOLLAR NINETY CENTS PER SQUARE FOOT OF GROSS BUILDING SPACE
7 FOR OFFICE BUILDINGS WITH MORE THAN ONE BUT FEWER THAN EIGHT FLOORS ABOVE
8 GROUND.

9 (c) TWO DOLLARS SIXTY-SIX CENTS PER SQUARE FOOT OF GROSS BUILDING
10 SPACE FOR OFFICE BUILDINGS WITH EIGHT FLOORS OR MORE ABOVE GROUND.

11 (d) TWO DOLLARS TWENTY-EIGHT CENTS PER SQUARE FOOT OF RETAIL BUILDING
12 SPACE, INCLUDING SPACE THAT IS DEVOTED TO THE SALE OF TANGIBLE PERSONAL
13 PROPERTY, RESTAURANTS, HEALTH CLUBS, HAIR SALONS, DRY CLEANERS, TRAVEL
14 AGENCIES AND OTHER RETAIL SERVICES.

15 (e) TWO DOLLARS TWENTY-EIGHT CENTS PER SQUARE FOOT OF HOTEL OR MOTEL
16 BUILDING SPACE.

17 (f) ONE DOLLAR FOURTEEN CENTS PER SQUARE FOOT OF WAREHOUSE OR
18 INDUSTRIAL BUILDING SPACE.

19 (g) SEVENTY-SIX CENTS PER SQUARE FOOT OF RESIDENTIAL RENTAL BUILDING
20 SPACE.

21 (h) ONE HUNDRED FIFTY-ONE DOLLARS SEVENTY-FIVE CENTS PER PARKING SPACE
22 LOCATED IN A PARKING GARAGE OR DECK.

23 (i) ONE DOLLAR FIFTY-TWO CENTS PER SQUARE FOOT OF ALL OTHER GOVERNMENT
24 PROPERTY IMPROVEMENTS NOT INCLUDED IN SUBDIVISIONS (A) THROUGH (H) OF THIS
25 PARAGRAPH.

26 2. ON OR BEFORE DECEMBER 1, 2011 AND DECEMBER 1 OF EACH YEAR
27 THEREAFTER, FOR ALL GOVERNMENT PROPERTY LEASES THAT ARE SUBJECT TO THIS
28 SUBSECTION THE DEPARTMENT OF REVENUE SHALL ADJUST THE TAX RATES THAT APPLY
29 FOR THE PURPOSES OF THIS SUBSECTION IN THE FOLLOWING CALENDAR YEAR FOR EACH
30 PROPERTY USE ACCORDING TO THE AVERAGE ANNUAL POSITIVE OR NEGATIVE PERCENTAGE
31 CHANGE FOR THE TWO MOST RECENT FISCAL YEARS IN THE PRODUCER PRICE INDEX FOR
32 NEW CONSTRUCTION OR ITS SUCCESSOR INDEX PUBLISHED BY THE UNITED STATES BUREAU
33 OF LABOR STATISTICS. ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE DEPARTMENT
34 SHALL POST THE ADJUSTED RATES FOR THE FOLLOWING CALENDAR YEAR ON ITS OFFICIAL
35 WEBSITE AND TRANSMIT THE ADJUSTED RATES TO EACH COUNTY TREASURER.

36 ~~D.~~ C. The tax rate for a government property improvement that was
37 constructed pursuant to a lease or development agreement entered into from
38 and after June 30, 1996 and that is located outside a slum or blighted area
39 established pursuant to title 36, chapter 12, article 3 is one and one-half
40 times the rate established by subsections A and B of this section.

41 ~~E.~~ D. Within the first twenty years after the issuance of the
42 original certificate of occupancy, the tax rate on the use or occupancy of a
43 government property improvement is twenty per cent of the rate established in
44 subsections A and B of this section for any of the following:

1 1. Government property improvements that are subject to leases or
2 agreements that were entered into before April 1, 1985, and options and
3 rights contained in the leases or agreements.

4 2. Government property improvements that are subject to leases entered
5 into based on a redevelopment contract, as defined in section 36-1471,
6 entered into before April 1, 1985.

7 3. Government property improvements that are subject to leases entered
8 into based on an agreement for a redevelopment project for which federal
9 grant monies have been received and that was entered into before April 1,
10 1985.

11 4. Government property improvements that are located at an airport
12 that was owned on or before January 1, 1988 by a county having a population
13 of four hundred thousand persons or less or by a city or town that is located
14 in a county having a population of four hundred thousand persons or less if
15 the property is used primarily for manufacturing, retail, distribution,
16 research or commercial purposes. ~~It~~ FOR THE PURPOSES OF this paragraph,
17 "commercial" includes facilities for office, recreational, hotel, motel and
18 service uses.

19 ~~F.~~ E. Within the first ten years after the issuance of the
20 certificate of occupancy, the tax rate on the use or occupancy of a
21 government property improvement that is located in a slum or blighted area
22 established pursuant to title 36, chapter 12, article 3, THAT resulted or
23 will result in an increase in property value of at least one hundred per cent
24 and THAT is not eligible for abatement pursuant to section 42-6209 is eighty
25 per cent of the rate established in subsections A and B of this section.

26 ~~G.~~ F. The tax rate to be applied under subsection A OR B of this
27 section shall be determined by the predominant use to which the government
28 property improvement is devoted, except that in all cases the tax rate
29 prescribed by subsection A, paragraph ~~8- 1~~, SUBDIVISION (h) OR SUBSECTION B,
30 PARAGRAPH 1, SUBDIVISION (h) of this section shall be applied to any parking
31 garage or deck. If there is no single predominant use, the tax shall be
32 determined by applying the appropriate tax rate to the building space devoted
33 to each use identified in that subsection. For the purposes of this
34 subsection, the functional area of a government property improvement does not
35 include subsidiary, auxiliary or servient areas such as lobbies, stairwells,
36 mechanical rooms and meeting and banquet rooms. For THE purposes of this
37 subsection, "predominant use" means the use to which eighty-five per cent or
38 more of the functional area of a government property improvement is devoted.

39 ~~H.~~ G. Prime lessees of government property improvements who become
40 taxable or whose taxable status terminates during the calendar year in which
41 the taxes are due, including prime lessees subject to exemption or abatement
42 under sections 42-6208 and 42-6209, shall pay tax for that calendar year on a
43 pro rata basis.

1 Sec. 3. Section 42-6204, Arizona Revised Statutes, is amended to read:
2 42-6204. Payment; return; interest; penalty
3 A. The taxes that are levied pursuant to this article are:
4 1. Due and payable TO THE COUNTY TREASURER annually on or before
5 December 1.
6 2. Delinquent if not paid on or before that date.
7 B. The prime lessee, if subject to the tax or qualified for an
8 abatement under this article, shall submit a return to the ~~government lessor~~
9 COUNTY TREASURER on a RETURN form prescribed by the ~~government lessor~~
10 DEPARTMENT OF REVENUE. If the prime lessee is exempt from the tax pursuant
11 to section 42-6208, the prime lessee shall keep and maintain the information
12 required in this subsection. The return form shall be made available by the
13 ~~government lessor~~ COUNTY TREASURER at least sixty days before the taxes are
14 due and payable and shall include:
15 1. The name and address of the prime lessee.
16 2. The location of the government property improvement.
17 3. The amount of gross building space or number of parking garage or
18 deck spaces. The prime lessee may submit an initial statement of gross
19 building space that is certified by a person who is professionally
20 credentialed in this state as an architect, general contractor, surveyor or
21 appraiser and thereafter shall file an annual statement with the return,
22 under penalty of perjury, that the gross building space is unchanged from the
23 amount previously certified.
24 4. The date of the original certificate of occupancy.
25 5. The use or uses of the property.
26 6. If an abatement under section 42-6209 applies, a certification
27 under penalty of perjury that all elements necessary to qualify for the
28 abatement are satisfied for the year covered by the return.
29 7. Any other pertinent information that ~~the government lessor may~~
30 require IS REQUIRED BY THE RETURN FORM.
31 C. If any part of the tax is not paid before it becomes delinquent,
32 interest accrues on the unpaid amount at the rate and in the manner
33 prescribed by section 42-1123 until it is paid. Interest on overpayments
34 accrues at the rate and in the manner prescribed by section 42-1123 until the
35 refund is paid BY THE COUNTY TREASURER.
36 D. The ~~government lessor~~ COUNTY TREASURER shall assess and collect a
37 penalty of five per cent of any part of the tax that is not paid before it
38 becomes delinquent.
39 E. The ~~government lessor~~ COUNTY TREASURER shall issue a receipt to the
40 prime lessee for payments under this article.
41 F. ON OR BEFORE FEBRUARY 15 OF EACH YEAR, THE COUNTY TREASURER SHALL
42 SUBMIT A REPORT TO THE DEPARTMENT OF REVENUE OF ALL RETURNS AND PAYMENTS
43 RECEIVED FOR THE PRECEDING CALENDAR YEAR UNDER THIS SECTION. THE REPORT
44 SHALL BE IN A FORM AND CONTAIN DATA PRESCRIBED BY THE DEPARTMENT OF REVENUE.

1 2. DECEMBER 31, 2010:
2 (a) SHALL NOT BE APPROVED UNLESS THE GOVERNMENT LESSOR:
3 (i) NOTIFIES THE GOVERNING BODIES OF THE COUNTY AND ANY CITY, TOWN AND
4 SCHOOL DISTRICT IN WHICH THE GOVERNMENT PROPERTY IMPROVEMENT IS LOCATED AT
5 LEAST SIXTY DAYS BEFORE THE APPROVAL. THE NOTICE MUST INCLUDE THE NAME AND
6 ADDRESS OF THE INTENDED PRIME LESSEE, THE LOCATION AND PROPOSED USE OF THE
7 GOVERNMENT PROPERTY IMPROVEMENT AND THE PROPOSED TERM OF THE LEASE OR
8 DEVELOPMENT AGREEMENT.
9 (ii) DETERMINES THAT, WITHIN THE TERM OF THE LEASE OR DEVELOPMENT
10 AGREEMENT, THE ECONOMIC AND FISCAL BENEFIT TO THIS STATE AND THE COUNTY, CITY
11 OR TOWN IN WHICH THE GOVERNMENT PROPERTY IMPROVEMENT IS LOCATED WILL EXCEED
12 THE BENEFITS RECEIVED BY THE PRIME LESSEE AS A RESULT OF THE DEVELOPMENT
13 AGREEMENT OR LEASE ON THE BASIS OF AN ESTIMATE OF THOSE BENEFITS PREPARED BY
14 AN INDEPENDENT THIRD PARTY IN A MANNER AND METHOD ACCEPTABLE TO THE GOVERNING
15 BODY OF THE GOVERNMENT LESSOR. THE ESTIMATE MUST BE PROVIDED TO THE
16 GOVERNMENT LESSOR AND THE GOVERNING BODIES OF THE COUNTY AND ANY CITY, TOWN
17 AND SCHOOL DISTRICT IN WHICH THE GOVERNMENT PROPERTY IMPROVEMENT IS LOCATED
18 AT LEAST THIRTY DAYS BEFORE THE VOTE OF THE GOVERNING BODY. A LEASE OR
19 DEVELOPMENT AGREEMENT BETWEEN A PRIME LESSEE AND A GOVERNMENT LESSOR
20 INVOLVING RESIDENTIAL RENTAL HOUSING IS EXEMPT FROM THE ECONOMIC ESTIMATE
21 ANALYSIS REQUIREMENTS OF THIS ITEM.
22 (b) MUST BE APPROVED BY A SIMPLE MAJORITY VOTE OF THE GOVERNING BODY
23 WITHOUT THE USE OF A CONSENT CALENDAR.
24 Sec. 6. Section 42-6208, Arizona Revised Statutes, is amended to read:
25 42-6208. Exempt government property improvements
26 The tax under this article ~~does~~ AND SECTION 42-6209, SUBSECTION C DOES
27 not apply with respect to:
28 1. Property that is used for a governmental activity.
29 2. Property that is used for public housing.
30 3. Easements and rights-of-way of railroads and gas, electric, water,
31 pipeline and telephone utilities.
32 4. Interests in all or any part of a facility that is owned of record
33 by a government lessor and used primarily for athletic, recreational,
34 entertainment, artistic, cultural or convention activities if the interest is
35 used for those activities or activities directly related and incidental to
36 these uses including concession stands.
37 5. Property that is ~~located on municipal airports and airports that~~
38 ~~operate pursuant to sections 28-8423, 28-8424 and 28-8425, if the property is~~
39 used for or in connection with aviation, including hangars, tie-downs,
40 aircraft maintenance, sale of aviation related items, charter and rental
41 activities, commercial aircraft terminal franchises, RENTAL CAR OPERATIONS,
42 parking facilities and restaurants, stores and other services that are
43 located in a terminal.

1 (c) "CENTRAL BUSINESS DISTRICT" MEANS A GEOGRAPHICAL AREA DESIGNATED
2 BY RESOLUTION OF THE GOVERNING BODY OF THE CITY OR TOWN AND MEETING THE
3 FOLLOWING REQUIREMENTS:

4 (i) THE CENTRAL BUSINESS DISTRICT IS LOCATED ENTIRELY WITHIN A SLUM OR
5 BLIGHTED AREA THAT IS ESTABLISHED PURSUANT TO TITLE 36, CHAPTER 12,
6 ARTICLE 3.

7 (ii) THE CENTRAL BUSINESS DISTRICT IS GEOGRAPHICALLY COMPACT AND NO
8 LARGER THAN THE LESSER OF ___ PER CENT OF THE TOTAL LAND AREA WITHIN THE
9 EXTERIOR BOUNDARIES OF THE CITY OR TOWN OR TWO THOUSAND ACRES.

10 2. The government property improvement resulted or will result in an
11 increase in property value of at least one hundred per cent.

12 B. ~~Unless waived by the government lessor,~~ The prime lessee shall
13 NOTIFY THE COUNTY TREASURER AND THE GOVERNMENT LESSOR AND apply for the
14 abatement before the taxes under this article are due and payable in the
15 first year after the certificate of occupancy is issued. ~~The prime lessee~~
16 ~~shall notify the government lessor if the government property improvement no~~
17 ~~longer qualifies for abatement under this section.~~

18 C. EXCEPT AS PROVIDED BY SUBSECTION D, EACH LEASE BETWEEN A PRIME
19 LESSEE AND A GOVERNMENT LESSOR FOR WHICH THE TAX IS ABATED UNDER THIS SECTION
20 AND THAT IS ENTERED INTO FROM AND AFTER DECEMBER 31, 2010, OR THAT IS NOT THE
21 SUBJECT OF A DEVELOPMENT AGREEMENT ENTERED INTO BEFORE DECEMBER 31, 2009,
22 MUST BE APPROVED BY A SIMPLE MAJORITY VOTE OF THE GOVERNING BODY WITHOUT THE
23 USE OF A CONSENT CALENDAR AND SHALL NOT BE APPROVED UNLESS:

24 1. THE GOVERNMENT LESSOR NOTIFIES THE GOVERNING BODIES OF THE COUNTY
25 AND ANY CITY, TOWN AND SCHOOL DISTRICT IN WHICH THE GOVERNMENT PROPERTY
26 IMPROVEMENT IS LOCATED AT LEAST SIXTY DAYS BEFORE THE APPROVAL. THE NOTICE
27 MUST INCLUDE THE NAME AND ADDRESS OF THE INTENDED PRIME LESSEE, THE LOCATION
28 AND PROPOSED USE OF THE GOVERNMENT PROPERTY IMPROVEMENT AND THE PROPOSED TERM
29 OF THE LEASE OR DEVELOPMENT AGREEMENT.

30 2. THE GOVERNMENT LESSOR DETERMINES THAT, WITHIN THE TERM OF THE LEASE
31 OR DEVELOPMENT AGREEMENT, THE ECONOMIC AND FISCAL BENEFIT TO THIS STATE AND
32 THE COUNTY, CITY OR TOWN IN WHICH THE GOVERNMENT PROPERTY IMPROVEMENT IS
33 LOCATED WILL EXCEED THE BENEFITS RECEIVED BY THE PRIME LESSEE AS A RESULT OF
34 THE DEVELOPMENT AGREEMENT OR LEASE ON THE BASIS OF AN ESTIMATE OF THOSE
35 BENEFITS PREPARED BY AN INDEPENDENT THIRD PARTY IN A MANNER AND METHOD
36 ACCEPTABLE TO THE GOVERNING BODY OF THE GOVERNMENT LESSOR. THE ESTIMATE MUST
37 BE PROVIDED TO THE GOVERNMENT LESSOR AND THE GOVERNING BODIES OF THE COUNTY
38 AND ANY CITY, TOWN AND SCHOOL DISTRICT IN WHICH THE GOVERNMENT PROPERTY
39 IMPROVEMENT IS LOCATED AT LEAST THIRTY DAYS BEFORE THE VOTE OF THE GOVERNING
40 BODY. A LEASE OR DEVELOPMENT AGREEMENT BETWEEN A PRIME LESSEE AND A
41 GOVERNMENT LESSOR INVOLVING RESIDENTIAL RENTAL HOUSING IS EXEMPT FROM THE
42 ECONOMIC ESTIMATE ANALYSIS REQUIREMENTS OF THIS PARAGRAPH.

43 3. THE TERM OF THE LEASE DOES NOT EXCEED THIRTY YEARS, REGARDLESS OF
44 WHETHER THE LEASE IS TRANSFERRED OR CONVEYED TO SUBSEQUENT PRIME LESSEES
45 DURING THAT PERIOD. ON THE EXPIRATION DATE OF THE LEASE THE GOVERNMENT

1 LESSOR MUST CONVEY TITLE TO THE GOVERNMENT PROPERTY IMPROVEMENT AND
2 UNDERLYING LAND TO THE CURRENT PRIME LESSEE.

3 4. THE LEASE OR DEVELOPMENT AGREEMENT PROVIDES THAT THE GOVERNMENT
4 LESSOR MAY NOT APPROVE AN AMENDMENT TO CHANGE THE USE OF THE GOVERNMENT
5 PROPERTY IMPROVEMENT DURING THE PERIOD OF ABATEMENT UNLESS:

6 (a) THE GOVERNMENT LESSOR NOTIFIES THE GOVERNING BODIES OF THE COUNTY
7 AND ANY CITY, TOWN AND SCHOOL DISTRICT IN WHICH THE GOVERNMENT PROPERTY
8 IMPROVEMENT IS LOCATED AT LEAST SIXTY DAYS BEFORE THE APPROVAL. THE NOTICE
9 MUST INCLUDE THE NAME AND ADDRESS OF THE PRIME LESSEE, THE LOCATION AND
10 PROPOSED USE OF THE GOVERNMENT PROPERTY IMPROVEMENT AND THE REMAINING TERM OF
11 THE LEASE OR DEVELOPMENT AGREEMENT.

12 (b) THE GOVERNMENT LESSOR DETERMINES THAT, WITHIN THE REMAINING TERM
13 OF THE LEASE OR DEVELOPMENT AGREEMENT, THE ECONOMIC AND FISCAL BENEFIT TO
14 THIS STATE AND THE COUNTY, CITY OR TOWN IN WHICH THE GOVERNMENT PROPERTY
15 IMPROVEMENT IS LOCATED WILL EXCEED THE BENEFITS RECEIVED BY THE PRIME LESSEE
16 AS A RESULT OF THE CHANGE IN THE LEASE OR DEVELOPMENT AGREEMENT ON THE BASIS
17 OF AN ESTIMATE OF THOSE BENEFITS PREPARED BY AN INDEPENDENT THIRD PARTY IN A
18 MANNER AND METHOD ACCEPTABLE TO THE GOVERNING BODY OF THE GOVERNMENT
19 LESSOR. THE ESTIMATE MUST BE PROVIDED TO THE GOVERNMENT LESSOR AND THE
20 GOVERNING BODIES OF THE COUNTY AND ANY CITY, TOWN AND SCHOOL DISTRICT IN
21 WHICH THE GOVERNMENT PROPERTY IMPROVEMENT IS LOCATED AT LEAST THIRTY DAYS
22 BEFORE THE VOTE OF THE GOVERNING BODY. A CHANGE IN USE UNDER A LEASE OR
23 DEVELOPMENT AGREEMENT BETWEEN A PRIME LESSEE AND A GOVERNMENT LESSOR TO
24 RESIDENTIAL RENTAL HOUSING IS EXEMPT FROM THE ECONOMIC ESTIMATE ANALYSIS
25 REQUIREMENTS OF THIS SUBDIVISION.

26 D. SUBSECTION C DOES NOT APPLY IF:

27 1. THE TAX IS NOT ABATED UNDER THIS SECTION.

28 2. THE GOVERNMENT LESSOR IS ACTING AS A COMMERCIAL LANDLORD WITHOUT A
29 DEVELOPMENT AGREEMENT IN A LEASE FOR A USE ANCILLARY TO A GOVERNMENT PROPERTY
30 IMPROVEMENT USED FOR A PUBLIC PURPOSE.

31 Sec. 8. Section 42-6210, Arizona Revised Statutes, is amended to read:

32 42-6210. Park property lease excise tax

33 A. A county shall levy and collect an annual excise tax on each prime
34 lessee of a lease with the national park service of the United States
35 department of the interior of a property improvement located in the county.

36 B. The tax prescribed by this section shall be assessed, collected and
37 distributed in the same manner as prescribed in this article for the
38 government property lease excise tax, except that:

39 1. Section 42-6206 does not apply to a lease with the national park
40 service.

41 2. The tax rate shall not be less than twenty per cent of the tax rate
42 prescribed in section 42-6203, subsection A OR B, AS APPLICABLE.

- 1 B. County treasurers and the department of revenue shall cooperate
2 with and assist the auditor general in compiling data and other information
3 necessary for the purposes of the audit.
- 4 C. The auditor general shall provide copies of the audit report to:
5 1. The governor, the president of the senate and the speaker of the
6 house of representatives.
7 2. The chairpersons of the house of representatives ways and means
8 committee and the senate finance committee.
9 3. The secretary of state.
10 4. Any other person who requests a copy of the report.