

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

# HOUSE BILL 2676

## AN ACT

AMENDING SECTION 11-821.01, ARIZONA REVISED STATUTES; AMENDING TITLE 30, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 2; AMENDING SECTION 42-12001, ARIZONA REVISED STATUTES; RENUMBERING SECTION 42-12010, ARIZONA REVISED STATUTES, AS SECTION 42-12011; AMENDING TITLE 42, CHAPTER 12, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 42-12010; AMENDING SECTION 42-14151, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 14, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 11; RENUMBERING SECTION 42-15010, ARIZONA REVISED STATUTES, AS SECTION 42-15011; AMENDING TITLE 42, CHAPTER 15, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 42-15010; RELATING TO ELECTRICAL ENERGY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 11-821.01, Arizona Revised Statutes, is amended to  
3 read:

4 11-821.01. Duty to zone certain area for canneries, fertilizer  
5 plants, refineries, commercial feed lots, meat  
6 packing plants, energy parks and other like  
7 businesses; procedure

8 A. The county planning and zoning commission shall designate and zone  
9 appropriate areas of reasonable size in which there may be established with  
10 reasonable permanency canneries, fertilizer plants, refineries, commercial  
11 feed lots, meat packing plants, ~~tallow works~~, ENERGY PARKS PURSUANT TO TITLE  
12 30, CHAPTER 2, and other like businesses, and the county board of supervisors  
13 ~~shall~~ by ordinance SHALL adopt at least one of any such plans as may be  
14 submitted by the commission to the board for the location of such businesses.

15 B. The zoning provided for in subsection A of this section shall be  
16 adopted and amended by the county as part of the county plan pursuant to  
17 section 11-821 and in accordance with all procedural requirements of this  
18 article.

19 Sec. 2. Title 30, Arizona Revised Statutes, is amended by adding  
20 chapter 2, to read:

21 CHAPTER 2  
22 ENERGY PARK AUTHORITY  
23 ARTICLE 1. ADMINISTRATION

24 30-401. Definitions

25 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

26 1. "AUTHORITY" MEANS THE ENERGY PARK AUTHORITY.

27 2. "BOARD" MEANS THE BOARD OF DIRECTORS OF THE AUTHORITY.

28 3. "ENERGY PARK" MEANS AT LEAST TWO RENEWABLE OR NONCARBON-BASED  
29 GENERATION FACILITIES FOR THE GENERATION OF AT LEAST TWENTY MEGAWATTS OF  
30 ELECTRICITY EACH AND THE ASSOCIATED TRANSMISSION LINES INTERCONNECTED  
31 TOGETHER THAT ARE CODEVELOPED FOR THE PURPOSES OF RECEIVING INCENTIVES,  
32 INCREASING FINANCIAL STABILITY AND MINIMIZING COSTS AS DETERMINED BY THE  
33 AUTHORITY. CARBON-BASED GENERATION FACILITIES AND ENERGY RELATED INDUSTRIES  
34 MAY BE INCLUDED IN THE ENERGY PARK, BUT SHALL NOT RECEIVE ANY DIRECT  
35 INCENTIVE OR BENEFIT FROM THE AUTHORITY.

36 4. "FACILITY" OR "FACILITIES" MEANS ELECTRIC GENERATION OR  
37 TRANSMISSION FACILITIES.

38 5. "GENERATION FACILITY" MEANS A FACILITY FOR THE GENERATION OF  
39 ELECTRICITY THAT IS TRANSMITTED THROUGH A TRANSMISSION FACILITY TO A GRID  
40 CONNECTION WITH A PUBLIC OR PRIVATE ELECTRIC TRANSMISSION OR DISTRIBUTION  
41 UTILITY SYSTEM.

42 6. "TRANSMISSION FACILITY" MEANS REAL AND PERSONAL PROPERTY AND  
43 IMPROVEMENTS USED TO TRANSMIT ELECTRICITY BETWEEN A GENERATION FACILITY IN AN  
44 ENERGY PARK AND THE FIRST CONNECTION WITH A PUBLIC OR PRIVATE TRANSMISSION  
45 GRID.

1           30-402. Energy park authority

2           A. THE ENERGY PARK AUTHORITY IS ESTABLISHED. THE AUTHORITY HAS  
3 JURISDICTION TO OPERATE THROUGHOUT THIS STATE.

4           B. THE AUTHORITY IS A CORPORATE AND POLITICAL BODY, SEPARATE FROM THE  
5 STATE OF ARIZONA, AND, EXCEPT AS OTHERWISE LIMITED, MODIFIED OR PROVIDED BY  
6 THIS CHAPTER, HAS ALL OF THE RIGHTS, POWERS AND IMMUNITIES OF MUNICIPAL  
7 CORPORATIONS. THE AUTHORITY IS CONSIDERED TO BE A PUBLIC IMPROVEMENT  
8 DISTRICT AND A POLITICAL SUBDIVISION FOR THE PURPOSES OF ARTICLE XIII,  
9 SECTION 7, CONSTITUTION OF ARIZONA.

10          C. THE AUTHORITY IS REGARDED AS PERFORMING A GOVERNMENTAL FUNCTION IN  
11 CARRYING OUT THE PURPOSES OF THIS CHAPTER. ANY PROPERTY, MONIES AND OTHER  
12 ASSETS, INCLUDING ELECTRIC ENERGY AND POWER, ACQUIRED BY THE AUTHORITY IS  
13 CONSIDERED TO BE PUBLIC PROPERTY AND, AS SUCH, IS EXEMPT FROM STATE AND LOCAL  
14 TAXATION. IF THE AUTHORITY IS TERMINATED, ALL ITS ASSETS REMAINING AFTER ITS  
15 OBLIGATIONS AND LIABILITIES HAVE BEEN SATISFIED OR DISCHARGED SHALL BE CEDED  
16 AND SURRENDERED TO THIS STATE.

17           30-403. Board of directors

18          A. THE AUTHORITY IS GOVERNED BY A BOARD OF DIRECTORS CONSISTING OF THE  
19 FOLLOWING MEMBERS:

20           1. ONE MEMBER OF THE SENATE WHO IS APPOINTED BY THE PRESIDENT OF THE  
21 SENATE AS A NONVOTING EX OFFICIO MEMBER.

22           2. ONE MEMBER OF THE HOUSE OF REPRESENTATIVES WHO IS APPOINTED BY THE  
23 SPEAKER OF THE HOUSE OF REPRESENTATIVES AS A NONVOTING EX OFFICIO MEMBER.

24           3. ONE MEMBER WHO REPRESENTS PUBLIC ELECTRICAL UTILITIES THAT ARE  
25 REGULATED BY THE ARIZONA CORPORATION COMMISSION AND WHO IS APPOINTED BY THE  
26 GOVERNOR.

27           4. ONE MEMBER WHO REPRESENTS AGRICULTURAL IMPROVEMENT AND POWER  
28 DISTRICTS AND WHO IS APPOINTED BY THE PRESIDENT OF THE SENATE.

29           5. ONE MEMBER WHO HAS EXPERTISE IN ENERGY FINANCING, WHO IS NOT  
30 EMPLOYED BY AN ELECTRICAL UTILITY AND WHO IS APPOINTED BY THE GOVERNOR.

31           6. ONE MEMBER WHO HAS EXPERTISE IN ELECTRICAL GENERATION TECHNOLOGY,  
32 WHO IS NOT EMPLOYED BY AN ELECTRICAL UTILITY AND WHO IS APPOINTED BY THE  
33 GOVERNOR.

34           7. ONE MEMBER WHO HAS EXPERTISE IN ELECTRICAL ENERGY TRANSMISSION  
35 PLANNING AND FINANCING AND PROJECT DEVELOPMENT, WHO IS NOT EMPLOYED BY AN  
36 ELECTRICAL UTILITY AND WHO IS APPOINTED BY THE SPEAKER OF THE HOUSE OF  
37 REPRESENTATIVES.

38          B. TO THE EXTENT PRACTICABLE, MEMBERS SHALL BE APPOINTED TO PRODUCE A  
39 GENERAL GEOGRAPHICALLY DIVERSE REPRESENTATION OF AREAS IN THIS STATE.  
40 APPOINTED MEMBERS SERVE AT THE PLEASURE OF THE APPOINTING OFFICER OR BODY.

41          C. MEMBERS OF THE BOARD ARE NOT ELIGIBLE FOR COMPENSATION, BUT MAY BE  
42 REIMBURSED FROM AVAILABLE MONIES OF THE AUTHORITY FOR ACTUAL EXPENSES IN  
43 PERFORMING AND ATTENDING TO AUTHORITY BUSINESS AS PROVIDED BY TITLE 38,  
44 CHAPTER 4, ARTICLE 2.

1           30-404. Advisory councils

2           THE BOARD MAY ESTABLISH AND APPOINT THE MEMBERSHIP OF PERMANENT OR  
3 TEMPORARY ADVISORY COUNCILS, WHICH MAY INCLUDE MEMBERS OF THE BOARD, TO  
4 ASSIST AND ADVISE THE BOARD ON ISSUES REQUIRING SPECIFIC TECHNICAL EXPERTISE  
5 OR TO ADDRESS SPECIFIC ISSUES RELATING TO INDIVIDUAL PROJECTS. AFTER THE  
6 FIRST ENERGY PARKS ARE DESIGNATED, THE BOARD SHALL PRIORITIZE SCIENCE AND  
7 EMPLOYMENT TRAINING COUNCILS IN COMMUNITY AND HIGHER EDUCATION ENVIRONMENTS.

8           30-405. Administrative powers and duties

9           A. THE BOARD SHALL:

10           1. DETERMINE THE ORGANIZATIONAL STRUCTURE AND PROCEDURE OF THE  
11 AUTHORITY TO MEET THE REQUIREMENTS OF THIS CHAPTER.

12           2. APPOINT FROM AMONG ITS MEMBERS A CHAIRPERSON, A SECRETARY AND ANY  
13 OTHER OFFICERS THAT ARE NECESSARY TO CONDUCT THE BUSINESS OF THE BOARD.

14           3. PROVIDE FOR A SYSTEM OF ACCOUNTING FOR THE ASSETS AND MONIES OF THE  
15 AUTHORITY.

16           4. PROVIDE FOR THE NECESSARY RECORDS OF THE AUTHORITY, AND MAINTAIN A  
17 COMPLETE AND ACCURATE RECORD OF ALL OF THE PROCEEDINGS OF THE BOARD. THE  
18 BOARD IS A PUBLIC BODY FOR PURPOSES OF TITLE 38, CHAPTER 3, ARTICLE 3.1 AND  
19 TITLE 39, CHAPTER 1.

20           5. PROVIDE DIRECTORS AND OFFICERS INSURANCE AND DEFEND THE BOARD  
21 MEMBERS AGAINST CLAIMS LAWFULLY CARRIED OUT IN THE NORMAL COURSE OF AUTHORITY  
22 DUTIES.

23           6. DEVELOP AND DELIVER A CONSTRUCTION WORK IN PROGRESS POLICY TO THE  
24 ARIZONA CORPORATION COMMISSION FOR NONCARBON-BASED GENERATION AND  
25 TRANSMISSION THAT REQUIRES PERFORMANCE BONDS.

26           B. THE BOARD MAY:

27           1. ADOPT AND USE A CORPORATE SEAL.

28           2. SUE AND BE SUED.

29           3. ENTER INTO CONTRACTS, INCLUDING INTERGOVERNMENTAL AGREEMENTS UNDER  
30 TITLE 11, CHAPTER 7, ARTICLE 3, AS NECESSARY TO CARRY OUT THE PURPOSES AND  
31 REQUIREMENTS OF THIS CHAPTER.

32           4. ADOPT, AMEND AND RESCIND ADMINISTRATIVE AND SUBSTANTIVE RULES OF  
33 PROCEDURE AND OPERATION. RULES ADOPTED BY THE BOARD ARE EXEMPT FROM TITLE  
34 41, CHAPTER 6, EXCEPT THAT THE BOARD SHALL:

35           (a) SUBMIT THE RULES FOR PUBLICATION, AND THE SECRETARY OF STATE SHALL  
36 PUBLISH THE RULES IN THE ARIZONA ADMINISTRATIVE REGISTER.

37           (b) PROVIDE THIRTY DAYS FOR INTERESTED PERSONS TO COMMENT ON THE  
38 PROPOSED RULES BEFORE ADOPTION AND AFTER PUBLICATION.

39           5. RETAIN LEGAL COUNSEL AND OTHER CONSULTANTS AS NECESSARY TO CARRY  
40 OUT THE PURPOSES OF THE AUTHORITY.

41           6. NEGOTIATE AND ENTER INTO INTERGOVERNMENTAL AGREEMENTS, PURSUANT TO  
42 TITLE 11, CHAPTER 7, ARTICLE 3, WITH ANY SPECIAL TAXING DISTRICT ESTABLISHED  
43 PURSUANT TO TITLE 48, OTHER THAN A MULTI-COUNTY WATER CONSERVATION DISTRICT  
44 ESTABLISHED PURSUANT TO TITLE 48, CHAPTER 22, WITH A BOOK VALUE OF AT LEAST

1 ONE BILLION DOLLARS, TO PROVIDE TO THE AUTHORITY MEETING AND OFFICE SPACE AND  
2 STAFF SUPPORT AT NO COST TO THE AUTHORITY.

3 30-406. Executive director; duties

4 A. THE BOARD SHALL EMPLOY AN EXECUTIVE DIRECTOR OF THE AUTHORITY AND  
5 PRESCRIBE THE TERMS AND CONDITIONS OF EMPLOYMENT.

6 B. THE EXECUTIVE DIRECTOR IS RESPONSIBLE FOR MANAGING, ADMINISTERING  
7 AND SUPERVISING THE ACTIVITIES OF THE AUTHORITY.

8 C. THE EXECUTIVE DIRECTOR SHALL NEGOTIATE, MAKE, EXECUTE, ACKNOWLEDGE  
9 AND PERFORM CONTRACTS AND OTHER AGREEMENTS IN THE INTEREST OF THE AUTHORITY  
10 OR TO CARRY OUT OR ACCOMPLISH THE PURPOSES OF THIS CHAPTER. THE BOARD MAY  
11 PRESCRIBE THAT EXECUTION OR PERFORMANCE OF SPECIFIC CONTRACTS REQUIRE FURTHER  
12 APPROVAL BY THE BOARD.

13 D. THE BOARD MAY AUTHORIZE THE EXECUTIVE DIRECTOR TO EMPLOY CLERICAL,  
14 ADMINISTRATIVE AND PROFESSIONAL EMPLOYEES, DEFINE THEIR DUTIES AND PRESCRIBE  
15 THE TERMS AND CONDITIONS OF EMPLOYMENT. ALL EMPLOYMENT POSITIONS MUST BE  
16 FILLED ON NONPARTISAN AND MERIT-BASED CONSIDERATIONS. EMPLOYEES OF THE  
17 AUTHORITY ARE CONSIDERED TO BE PUBLIC EMPLOYEES FOR THE PURPOSES OF TITLE 38.

18 E. THE EXECUTIVE DIRECTOR SHALL:

19 1. EMPLOY A TREASURER OR DESIGNATE A FISCAL AGENT TO DEPOSIT, HOLD,  
20 INVEST AND DISBURSE THE AUTHORITY'S MONIES.

21 2. RECOMMEND TO THE BOARD THE RETENTION OF OUTSIDE LEGAL, TECHNICAL,  
22 FINANCIAL AND FISCAL ADVISORS, AGENTS, CONSULTANTS AND AIDES.

23 3. DIRECT THE ACTIVITIES OF OUTSIDE CONSULTANTS.

24 30-407. Functional powers and duties

25 A. THE BOARD SHALL:

26 1. ADMINISTER THIS CHAPTER TO SUPPORT, DIVERSIFY AND EXPAND THE  
27 ARIZONA ENERGY ECONOMY THROUGH THE DEVELOPMENT OF ELECTRIC GENERATION  
28 FACILITIES AND THE IMPROVEMENT AND EXPANSION OF TRANSMISSION FACILITIES AND  
29 RELATED SUPPORTING INFRASTRUCTURE.

30 2. ESTABLISH PROCEDURES TO OBTAIN AND RETAIN TECHNICAL DATA FOR PUBLIC  
31 ACCESS PURSUANT TO TITLE 39, CHAPTER 1, ARTICLE 2.

32 3. BY JULY 1, 2011, ADOPT A TEN-YEAR, TWENTY-FIVE-YEAR AND FIFTY-YEAR  
33 COMPREHENSIVE STATE ENERGY STRATEGY AND MAKE PERIODIC REVISIONS TO REFLECT  
34 CHANGING CIRCUMSTANCES. THE BOARD SHALL CONSULT, COORDINATE AND INCLUDE IN  
35 THE REPORTS CONSIDERATION OF ANY WATER MANAGEMENT PLANS UNDER THE DEPARTMENT  
36 OF WATER RESOURCES AND A MULTI-COUNTY WATER CONSERVATION DISTRICT. THE BOARD  
37 SHALL SUBMIT THESE REPORTS TO THE LEGISLATURE AS PROVIDED BY SECTION 41-1178.

38 4. BY DECEMBER 31, 2011, ADOPT A PLAN TO EXPEDITE AND MAXIMIZE THE  
39 EFFICIENCY AND TIMELINESS OF THE SITING AND CONSTRUCTION OF GENERATION  
40 FACILITIES AND TRANSMISSION FACILITIES. TO THE EXTENT PRACTICABLE, THE PLAN  
41 SHALL INCLUDE PROVISIONS FOR NO MORE THAN NINETY DAYS IN ORDER TO RECEIVE A  
42 PRELIMINARY APPROVAL FOR FURTHER ACTION FROM ANY GOVERNMENTAL ENTITY. THE  
43 BOARD SHALL REVISE AND UPDATE THE PLAN EVERY FIVE YEARS AND SUBMIT EACH  
44 REVISION OF THE PLAN TO THE LEGISLATURE AS PROVIDED BY SECTION 41-1178.

1           5. BY JULY 1, 2011, ADOPT A MAP IDENTIFYING TRANSMISSION CORRIDORS AND  
2 ENERGY PARKS THAT ADVANCE AN ADOPTED STATE ENERGY STRATEGY AND PROVIDE FOR  
3 OPTIMAL USE OF AVAILABLE RENEWABLE RESOURCES AND LOCAL INITIATIVES.

4           6. ADOPT A STANDARDIZED PROCEDURE FOR APPROVING FACILITIES IN ENERGY  
5 PARKS FOR CLASSIFICATION AND VALUATION FOR PROPERTY TAX PURPOSES PURSUANT TO  
6 SECTION 42-12010 AND TITLE 42, CHAPTER 14, ARTICLE 11 THAT MUST INCLUDE THE  
7 FOLLOWING CONSIDERATIONS AND CRITERIA FOR APPROVAL:

8           (a) THE MAXIMUM USE OF AVAILABLE WATER CONSERVATION DESIGN CRITERIA  
9 THAT INCLUDE THE USE OF MAXIMUM REQUIRED SAFETY STANDARDS.

10          (b) ON-SITE SAFETY FEATURES INCLUDED IN THE PROJECT GIVING GREATER  
11 CONSIDERATION TO PROJECTS USING THE BEST AVAILABLE SAFETY FEATURES FOR THE  
12 PARTICULAR TECHNOLOGY OR TECHNOLOGIES BEING USED.

13          (c) RECYCLING PROGRAMS FOR SPENT OR OBSOLESCENT MATERIALS AND OTHER  
14 ENVIRONMENTAL PROTECTION PROGRAMS THAT WOULD BE IMPLEMENTED AS PART OF THE  
15 PROJECT.

16          (d) POTENTIAL CARBON EMISSIONS FROM THE PROJECT.

17          (e) AT LEAST FIFTY-ONE PER CENT OF THE NET NEW FULL-TIME EMPLOYMENT  
18 POSITIONS AT THE PROJECT PAY A WAGE THAT EQUALS OR EXCEEDS ONE HUNDRED  
19 TWENTY-FIVE PER CENT OF THE MEDIAN ANNUAL WAGE IN THIS STATE AS DETERMINED BY  
20 THE MOST RECENT ANNUAL DEPARTMENT OF COMMERCE OCCUPATIONAL WAGE AND  
21 EMPLOYMENT ESTIMATES. AT LEAST TWENTY-FIVE PER CENT OF THE NUMBER OR VALUE  
22 OF FULL-TIME EMPLOYMENT POSITIONS AND MATERIALS SHALL BE LOCALLY AND  
23 REGIONALLY SOURCED FOR THE CONSTRUCTION AND DEVELOPMENT OF ENERGY PARKS.

24          (f) ALL NET NEW FULL-TIME EMPLOYMENT POSITIONS AT THE PROJECT INCLUDE  
25 HEALTH INSURANCE COVERAGE FOR WHICH THE PROJECT APPLICANT PAYS AT LEAST FIFTY  
26 PER CENT OF THE PREMIUM OR MEMBERSHIP COST, OR AN EQUIVALENT PERCENTAGE OF  
27 THE COST FOR ALTERNATIVE HEALTH BENEFIT MODELS THAT OFFER STANDARD  
28 COMPREHENSIVE COVERAGE.

29          (g) AN EVALUATION OF THE PROJECT'S CONTRIBUTION TOWARDS AN ADOPTED  
30 STATE ENERGY STRATEGY.

31          (h) AN EVALUATION OF THE PROJECT'S INCLUSION IN AN ENERGY PARK.

32          (i) AN EVALUATION OF THE FINANCIAL CAPACITY AND SECURITY OF INVESTORS  
33 IN THE PROJECT.

34           B. THE ENERGY PARK DEVELOPER SHALL INCLUDE SITE ACCOMMODATIONS FOR  
35 NUCLEAR MEDICAL ISOTOPE PRODUCTION, FAST REACTOR RESEARCH AND DEVELOPMENT,  
36 SOLAR PANEL RECYCLING AND MOX FUEL RECYCLING.

37           C. THE AUTHORITY, THROUGH THE BOARD, MAY:

38           1. PROVIDE FINANCIAL ASSISTANCE FOR THE CONSTRUCTION, DEVELOPMENT,  
39 ACQUISITION, OPERATION AND MAINTENANCE OF TRANSMISSION FACILITIES AND RELATED  
40 INFRASTRUCTURE IN THIS STATE.

41           2. PROVIDE FINANCIAL ASSISTANCE FOR THE DEVELOPMENT OF ENERGY PARKS.

42           3. PROVIDE FINANCIAL ASSISTANCE TO STATE AGENCIES TO EXPEDITE AND  
43 IMPROVE THE EFFICIENCY AND TIMELINESS OF GOVERNMENT ACTIONS RELATING TO  
44 SITING GENERATION AND TRANSMISSION FACILITIES.

1           4. APPLY FOR, ACCEPT AND ADMINISTER GRANTS AND OTHER FINANCIAL  
2 ASSISTANCE FROM THE UNITED STATES GOVERNMENT AND FROM OTHER PUBLIC AND  
3 PRIVATE SOURCES.

4           5. CONTRACT AND INCUR OBLIGATIONS AS REASONABLY NECESSARY OR DESIRABLE  
5 WITHIN THE GENERAL SCOPE OF THE AUTHORITY'S ACTIVITIES AND OPERATIONS TO  
6 ALLOW THE AUTHORITY TO ADEQUATELY PERFORM ITS DUTIES UNDER THIS CHAPTER.

7           6. ESTABLISH, ASSESS AND COLLECT FEES AND CHARGES FOR THE USE OF THE  
8 FACILITIES OWNED BY THE AUTHORITY. FEES AND CHARGES MAY INCLUDE FINANCIAL  
9 ASSISTANCE ORIGINATION FEES, ANNUAL FEES, RENTALS AND OTHER CHARGES. ANY  
10 MONIES COLLECTED PURSUANT TO THIS PARAGRAPH CONSTITUTE GOVERNMENTAL REVENUE  
11 AND MAY BE USED FOR ANY PURPOSE CONSISTENT WITH THE MISSION AND OBJECTIVES OF  
12 THE AUTHORITY UNDER THIS CHAPTER.

13           7. ENTER INTO CONTRACTS WITH ANY PERSON OR ENTITY FOR THE MANAGEMENT  
14 AND OPERATION OF ITS PROJECTS.

15           8. ENTER INTO PARTNERSHIPS WITH PUBLIC OR PRIVATE ENTITIES.

16           9. OWN PROJECTS BY ITSELF OR JOINTLY WITH OTHER OWNERS AND DEVELOP  
17 OPERATIONAL AND JOINT OWNERSHIP PROTOCOLS.

18           10. PLAN, FINANCE, CONSTRUCT, DEVELOP, ACQUIRE, OWN, MAINTAIN AND  
19 OPERATE WITHIN AND OUTSIDE THIS STATE, PROPERTY, STRUCTURES, EQUIPMENT,  
20 FACILITIES AND WORKS OF PUBLIC IMPROVEMENT NECESSARY OR USEFUL TO ACCOMPLISH  
21 THE PURPOSES FOR WHICH THE AUTHORITY WAS ESTABLISHED, INCLUDING OBTAINING  
22 PERMITS AND ACQUIRING RIGHTS-OF-WAY.

23           11. ACQUIRE BY ANY LAWFUL MEANS AND OPERATE, MAINTAIN, ENCUMBER AND  
24 DISPOSE OF REAL AND PERSONAL PROPERTY, IMPROVEMENTS TO REAL PROPERTY AND  
25 INTERESTS IN PROPERTY WITHIN AND OUTSIDE THIS STATE.

26           12. PROVIDE FOR THE USE, MAINTENANCE AND OPERATION OF THE PROPERTIES,  
27 INTERESTS AND OTHER ASSETS OWNED OR CONTROLLED BY THE AUTHORITY.

28           13. OFFER NAMING RIGHTS TO APPLICANTS AND ENERGY COMPANIES AS PROJECT  
29 SPONSORS FOR CONSIDERATION TO THE AUTHORITY.

30           D. THE BOARD SHALL LIMIT THE AUTHORITY'S OWNERSHIP OF TRANSMISSION AND  
31 GENERATION CAPACITY FOR A LIMITED PERIOD OF TIME.

32           E. THE BOARD SHALL NOT PROVIDE FUNDING FOR CONSTRUCTION OF AN APPROVED  
33 PROJECT UNTIL THE PROJECT IS APPROVED BY THE ARIZONA CORPORATION COMMISSION  
34 AS REQUIRED BY LAW.

35           30-408. Annual report

36           NO LATER THAN MARCH 1 OF EACH YEAR, THE BOARD SHALL MAKE A REPORT OF  
37 THE AUTHORITY'S ACTIVITIES UNDER THIS CHAPTER FOR THE PRECEDING CALENDAR  
38 YEAR, INCLUDING A COPY OF THE ANNUAL AUDIT, TO THE GOVERNOR, THE PRESIDENT OF  
39 THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

40           30-409. Decennial review by joint legislative budget committee

41           BEGINNING IN 2015 AND AT LEAST EVERY TENTH YEAR THEREAFTER, THE JOINT  
42 LEGISLATIVE BUDGET COMMITTEE SHALL REVIEW THE OPERATION, PERFORMANCE AND  
43 FINANCES OF THE AUTHORITY. AT THE REQUEST OF THE CHAIRPERSON OF THE JOINT  
44 LEGISLATIVE BUDGET COMMITTEE, THE EXECUTIVE DIRECTOR OF THE AUTHORITY SHALL  
45 APPEAR BEFORE THE JOINT LEGISLATIVE BUDGET COMMITTEE TO REVIEW AND REPORT ON

1 ANY ASPECT OF THE AUTHORITY'S OPERATION, INCLUDING THE FINANCIAL PERFORMANCE  
2 AND SOLVENCY OF THE AUTHORITY AND THE CONTINUING NEED FOR AD VALOREM PROPERTY  
3 TAX REVENUES RECEIVED PURSUANT TO SECTION 42-14554.

4 30-410. Effect on Arizona corporation commission

5 NOTHING IN THIS CHAPTER DIMINISHES THE AUTHORITY OR JURISDICTION OF THE  
6 ARIZONA CORPORATION COMMISSION AS PROVIDED BY ARTICLE XV, CONSTITUTION OF  
7 ARIZONA.

8 ARTICLE 2. FINANCIAL PROVISIONS

9 30-451. Annual budget

10 A. ON OR BEFORE JUNE 30 OF EACH YEAR, THE BOARD SHALL HOLD A PUBLIC  
11 HEARING TO ADOPT A BUDGET FOR THE FOLLOWING FISCAL YEAR THAT INCLUDES:

12 1. RECEIPTS, BY SOURCE, DURING THE PAST FISCAL YEAR.

13 2. EXPENDITURES DURING THE PAST FISCAL YEAR.

14 3. ESTIMATES OF AMOUNTS NECESSARY FOR EXPENSES DURING THE FOLLOWING  
15 FISCAL YEAR, INCLUDING AMOUNTS PROPOSED FOR:

16 (a) COSTS OF PLANNING, CONSTRUCTING, FINANCING, MAINTAINING, OPERATING  
17 AND MANAGING THE AUTHORITY'S FACILITIES.

18 (b) ADMINISTRATIVE COSTS OF THE AUTHORITY.

19 4. ANTICIPATED REVENUE TO THE AUTHORITY, BY SOURCE, IN THE FOLLOWING  
20 FISCAL YEAR.

21 5. A COMPLETE ASSET AND LIABILITY STATEMENT.

22 6. CASH ON HAND AS OF THE DATE THE BUDGET IS ADOPTED AND THE  
23 ANTICIPATED BALANCE AT THE END OF THE CURRENT FISCAL YEAR.

24 7. AN ITEMIZED STATEMENT OF COMMITMENTS, RESERVES AND ANTICIPATED  
25 OBLIGATIONS FOR THE FOLLOWING FISCAL YEAR.

26 B. THE BOARD MAY AMEND THE BUDGET ON A FINDING OF GOOD CAUSE.

27 30-452. Energy authority general fund

28 A. THE ENERGY AUTHORITY GENERAL FUND IS ESTABLISHED TO BE MAINTAINED  
29 IN PERPETUITY CONSISTING OF:

30 1. MONIES RECEIVED FROM THE UNITED STATES GOVERNMENT, INCLUDING  
31 CAPITALIZATION GRANTS.

32 2. MONIES RECEIVED FROM THE ISSUANCE AND SALE OF OBLIGATIONS AND NOTES  
33 UNDER THIS CHAPTER.

34 3. INTEREST AND OTHER INCOME RECEIVED FROM INVESTING MONIES IN THE  
35 FUND, INCLUDING THE INVESTMENT OF SURPLUS REVENUES.

36 4. AD VALOREM PROPERTY TAX REVENUES RECEIVED PURSUANT TO SECTION  
37 42-14554.

38 5. MONIES APPROPRIATED BY THE LEGISLATURE.

39 6. MONIES RECEIVED BY THE AUTHORITY FROM RENTS, FEES, CHARGES,  
40 CONTRACTS AND OTHER PAYMENTS.

41 7. GIFTS, GRANTS AND DONATIONS RECEIVED FROM ANY PUBLIC OR PRIVATE  
42 SOURCE.

43 B. THE FUND SHALL INCLUDE SEPARATE ACCOUNTS FOR THE PURPOSE OF:

44 1. DECOMMISSIONING GENERATION FACILITIES.

1           2. FUNDING THE MANUFACTURING, DISTRIBUTION, STORAGE, HANDLING AND  
2 CONTAINMENT OF RADIATION TREATMENT ISOTOPES.

3           C. THE FISCAL AGENT OF THE AUTHORITY SHALL MANAGE THE MONIES IN THE  
4 FUND AS DIRECTED BY THE BOARD.

5           D. MONIES IN THE FUND MAY BE USED FOR ANY PURPOSE OF THE AUTHORITY  
6 UNDER THIS CHAPTER, EXCEPT THAT MONIES SEGREGATED IN SPECIFIC ACCOUNTS AND  
7 SUBACCOUNTS MAY BE USED ONLY FOR THE SPECIFIC OBJECTIVE OF THE ACCOUNT OR  
8 SUBACCOUNT.

9           E. MONIES IN THE FUND AND ITS ACCOUNTS AND SUBACCOUNTS ARE  
10 CONTINUOUSLY APPROPRIATED AND ARE EXEMPT FROM THE PROVISIONS OF SECTION  
11 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

12           30-453. Investments

13           A. THE FISCAL AGENT MAY INVEST ANY UNEXPENDED MONIES OF THE FUND AND  
14 OF ANY ACCOUNT OR SUBACCOUNT AS PROVIDED IN TITLE 35, CHAPTER 2. INTEREST  
15 AND OTHER INCOME FROM INVESTMENTS SHALL BE CREDITED TO THAT ACCOUNT EXCEPT AS  
16 OTHERWISE PROVIDED BY LAW.

17           B. THE AUTHORITY'S INVESTMENTS MUST MATURE WHEN THE ASSETS OF THE  
18 FUND, ACCOUNT OR SUBACCOUNT WILL BE REQUIRED FOR THE PURPOSES OF THIS  
19 CHAPTER. IF THE LIQUID ASSETS IN THE FUND OR ANY ACCOUNT OR SUBACCOUNT  
20 BECOME INSUFFICIENT TO MEET THE STATUTORY OBLIGATIONS, THE BOARD SHALL DIRECT  
21 THE FISCAL AGENT TO LIQUIDATE SUFFICIENT SECURITIES TO MEET ALL OF THE  
22 CURRENT OBLIGATIONS AND IMMEDIATELY NOTIFY THE AUDITOR GENERAL OF THE  
23 INSUFFICIENCY. THE AUDITOR GENERAL SHALL INVESTIGATE AND AUDIT THE  
24 CIRCUMSTANCES SURROUNDING THE DEPLETION OF THE FUND, ACCOUNT OR SUBACCOUNT  
25 AND REPORT THE FINDINGS TO THE BOARD OF DIRECTORS.

26           30-454. Annual audit

27           A. THE BOARD SHALL CAUSE AN ANNUAL AUDIT TO BE MADE OF ANY FUND  
28 ADMINISTERED BY THE AUTHORITY AND ALL BOND ISSUES UNDER THIS CHAPTER. THE  
29 AUDIT SHALL BE CONDUCTED BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT WITHIN  
30 ONE HUNDRED TWENTY DAYS AFTER THE END OF THE FISCAL YEAR. THE CERTIFIED  
31 PUBLIC ACCOUNTANT AND THE FIRM THE CERTIFIED PUBLIC ACCOUNTANT IS AFFILIATED  
32 WITH MAY NOT REGULARLY PERFORM SERVICES FOR THE AUTHORITY. THE AUTHORITY  
33 SHALL IMMEDIATELY FILE A CERTIFIED COPY OF THE AUDIT WITH THE AUDITOR  
34 GENERAL.

35           B. THE AUDITOR GENERAL MAY MAKE ANY FURTHER AUDITS AND EXAMINATIONS AS  
36 NECESSARY AND MAY TAKE APPROPRIATE ACTION RELATING TO THE AUDIT OR  
37 EXAMINATION PURSUANT TO TITLE 41, CHAPTER 7, ARTICLE 10.1. IF THE AUDITOR  
38 GENERAL TAKES NO OFFICIAL ACTION WITHIN TWENTY DAYS AFTER THE AUDIT IS FILED,  
39 THE AUDIT IS CONSIDERED TO BE SUFFICIENT.

40           C. THE AUTHORITY SHALL PAY ANY FEES AND COSTS OF THE CERTIFIED PUBLIC  
41 ACCOUNTANT AND AUDITOR GENERAL UNDER THIS SECTION FROM THE FUNDS ADMINISTERED  
42 BY THE BOARD UNDER THIS CHAPTER.

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

3           42-12001. Class one property

4           For purposes of taxation, class one is established consisting of the  
5 following subclasses:

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

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

11           3. Real and personal property of gas distribution companies, electric  
12 transmission companies, electric distribution companies, combination gas and  
13 electric transmission and distribution companies, companies engaged in the  
14 generation of electricity and electric cooperatives, **OTHER THAN PROPERTY THAT**  
15 **IS SPECIFICALLY INCLUDED IN CLASS TEN**, that are valued at full cash value  
16 pursuant to section 42-14151.

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

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

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

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

26           8. Real and personal property of shopping centers that are valued at  
27 full cash value or pursuant to chapter 13, article 5 of this title, as  
28 applicable, other than property that is included in class nine.

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

31           10. All property, both real and personal, of manufacturers, assemblers  
32 or fabricators, other than property that is specifically included in another  
33 class described in this article, that ~~are~~ **IS** valued under 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. Renumber

2           Section 42-12010, Arizona Revised Statutes, is renumbered as section  
3 42-12011.

4           Sec. 5. Title 42, chapter 12, article 1, Arizona Revised Statutes, is  
5 amended by adding a new section 42-12010, to read:

6           42-12010. Class ten property

7           A. SUBJECT TO SUBSECTION E OF THIS SECTION, FOR THE PURPOSES OF  
8 TAXATION, CLASS TEN IS ESTABLISHED CONSISTING OF PERSONAL PROPERTY AND  
9 IMPROVEMENTS CONSISTING OF:

10           1. FACILITIES THAT ARE VALUED PURSUANT TO CHAPTER 14, ARTICLE 11 OF  
11 THIS TITLE FOR THE GENERATION OF ELECTRICITY THAT IS TRANSMITTED THROUGH A  
12 TRANSMISSION FACILITY TO A GRID CONNECTION WITH A PUBLIC OR PRIVATE ELECTRIC  
13 TRANSMISSION OR DISTRIBUTION UTILITY SYSTEM THAT IS NOT OWNED BY A  
14 MULTI-COUNTY WATER CONSERVATION DISTRICT ESTABLISHED PURSUANT TO TITLE 48,  
15 CHAPTER 22.

16           2. ON SITE ADMINISTRATIVE AND OPERATIONAL IMPROVEMENTS THAT ARE  
17 NECESSARY AND ANCILLARY TO THE GENERATION AND TRANSMISSION PROCESS.

18           B. REAL PROPERTY USED FOR ANY PURPOSE SHALL NOT BE CLASSIFIED UNDER  
19 THIS SECTION.

20           C. PROPERTY MAY NOT BE CLASSIFIED UNDER THIS SECTION FOR MORE THAN  
21 TWENTY YEARS, EXCEPT THAT ANY NEW ADDITION OR IMPROVEMENT TO PROPERTY ALREADY  
22 CLASSIFIED UNDER THIS SECTION QUALIFIES SEPARATELY FOR CLASSIFICATION UNDER  
23 THIS SECTION FOR NOT MORE THAN TWENTY YEARS.

24           D. PROPERTY THAT IS ORIGINALLY CLASSIFIED UNDER THIS SECTION SHALL NOT  
25 THEREAFTER BE CLASSIFIED AS CLASS SIX UNDER ANY PARAGRAPH OF SECTION  
26 42-12006.

27           E. NO PROPERTY MAY BE CLASSIFIED IN CLASS TEN UNTIL THE VALUATION YEAR  
28 IN WHICH THE FIRST NONCARBON-BASED GENERATION FACILITY THAT RECEIVES  
29 FINANCIAL ASSISTANCE FROM THE ENERGY PARK AUTHORITY PURSUANT TO TITLE 30,  
30 CHAPTER 2 PRODUCES AND TRANSMITS ELECTRICITY IN COMMERCIAL AMOUNTS TO A GRID  
31 CONNECTION.

32           Sec. 6. Section 42-14151, Arizona Revised Statutes, is amended to  
33 read:

34           42-14151. Annual determination of valuation; definition

35           A. The department shall annually determine the valuation, in the  
36 manner prescribed by this article, of all property, owned or leased, and used  
37 by taxpayers in the following businesses:

38           1. Operation of a natural gas distribution system.

39           2. Operation of a water utility system.

40           3. Operation of a sewer system or wastewater treatment facility.

41           4. Operation of an electric generation facility, EXCEPT FOR FACILITIES  
42 THAT ARE CLASSIFIED AS CLASS TEN PROPERTY AND SUBJECT TO VALUATION AND  
43 TAXATION UNDER ARTICLE 11 OF THIS CHAPTER.

44           5. Operation of an electric transmission or distribution system.

1 B. For the purposes of this article, "generation of electricity" means  
2 the process of taking a source of energy, including coal, natural gas, oil,  
3 nuclear fuel or renewable sources and converting the energy into electricity  
4 to be delivered to customers through a transmission and distribution system.

5 Sec. 7. Title 42, chapter 14, Arizona Revised Statutes, is amended by  
6 adding article 11, to read:

7 ARTICLE 11. VALUATION AND TAXATION OF  
8 ELECTRIC GENERATION FACILITIES

9 42-14551. Annual determination of valuation; definitions

10 A. THE DEPARTMENT SHALL ANNUALLY DETERMINE, AS PRESCRIBED BY THIS  
11 ARTICLE, THE VALUATION OF PERSONAL PROPERTY AND IMPROVEMENTS THAT ARE USED  
12 FOR GENERATING ELECTRICITY AND CLASSIFIED AS CLASS TEN PROPERTY PURSUANT TO  
13 SECTION 42-12010. REAL PROPERTY USED FOR ANY PURPOSE SHALL NOT BE VALUED OR  
14 SUBJECT TO TAXATION UNDER THIS ARTICLE.

15 B. FOR THE PURPOSES OF THIS ARTICLE:

16 1. "BUSINESS ENTITY" MEANS AN OWNER OF AN ELECTRIC GENERATION FACILITY  
17 REGARDLESS OF THE FORM OF THE OWNER'S OWNERSHIP INTEREST.

18 2. "GENERATION FACILITY" MEANS A FACILITY FOR THE GENERATION OF  
19 ELECTRICITY THAT IS TRANSMITTED THROUGH A TRANSMISSION FACILITY TO A GRID  
20 CONNECTION WITH A PUBLIC OR PRIVATE ELECTRIC TRANSMISSION OR DISTRIBUTION  
21 UTILITY SYSTEM. GENERATION FACILITY DOES NOT INCLUDE ANY DEVICE OR SYSTEM  
22 FOR THE PRODUCTION OF ELECTRICITY PRIMARILY FOR ON-SITE CONSUMPTION.

23 42-14552. Annual report for purposes of determining valuation;  
24 failure to file; penalty; forfeiture of appeal  
25 rights

26 A. ON OR BEFORE APRIL 1 OF EACH YEAR, A BUSINESS ENTITY THAT OPERATES  
27 AN ELECTRIC GENERATION FACILITY CLASSIFIED AS CLASS TEN PROPERTY PURSUANT TO  
28 SECTION 42-12010 AND THAT IS VALUED PURSUANT TO THIS ARTICLE SHALL FILE A  
29 REPORT WITH THE DEPARTMENT, UNDER OATH, STATING THE INFORMATION THAT THE  
30 DEPARTMENT REQUIRES TO ENABLE IT TO MAKE A VALUATION OF THE PROPERTY. ON OR  
31 BEFORE FEBRUARY 1 OF EACH YEAR, THE DEPARTMENT SHALL MAIL TO THE BUSINESS  
32 ENTITY THE FORMS FOR FILING THE REPORT. ON WRITTEN REQUEST AND FOR GOOD  
33 CAUSE SHOWN, THE DIRECTOR MAY EXTEND THE TIME FOR FILING THE REPORT REQUIRED  
34 BY THIS SECTION.

35 B. IF A BUSINESS ENTITY FAILS TO FILE THE REPORT ON OR BEFORE APRIL 1  
36 OF THE VALUATION YEAR, OR THE EXTENDED DUE DATE IF AN EXTENSION IS GRANTED,  
37 THE DEPARTMENT SHALL BOTH:

38 1. ESTIMATE THE VALUE OF THE PROPERTY BASED ON ONE HUNDRED FIVE PER  
39 CENT OF THE PRECEDING YEAR'S VALUATION OR ON ANY INFORMATION THAT IS  
40 AVAILABLE TO THE DEPARTMENT.

41 2. ASSESS A PENALTY IN THE AMOUNT OF THE LESSER OF:

42 (a) ONE-HALF OF ONE PER CENT OF THE VALUE THAT IS ESTIMATED BY THE  
43 DEPARTMENT.

44 (b) ONE HUNDRED DOLLARS PER DAY FOR EACH DAY THE BUSINESS ENTITY FAILS  
45 TO FILE THE REPORT BEYOND THE DUE DATE.

1 C. IF THE REPORT IS NOT FILED ON OR BEFORE MAY 20 OF THE VALUATION  
2 YEAR, THE BUSINESS ENTITY FORFEITS ITS RIGHT TO APPEAL THE VALUATION AND  
3 CLASSIFICATION PURSUANT TO SECTION 42-14005.

4 42-14553. Valuation of electric generation facilities:  
5 definitions

6 A. THE DEPARTMENT SHALL DETERMINE THE VALUATION OF GENERATION  
7 FACILITIES FOR THE PURPOSES OF THIS ARTICLE IN THE MANNER PRESCRIBED BY THIS  
8 SECTION.

9 B. THE VALUATION OF PERSONAL PROPERTY AND REAL PROPERTY IMPROVEMENTS  
10 THAT ARE USED IN A GENERATION FACILITY IS TWENTY PER CENT OF THE DEPRECIATED  
11 COST OF THE PROPERTY. IN ADDITION, THE BUSINESS ENTITY MAY SUBMIT  
12 DOCUMENTATION SHOWING THE NEED FOR, AND THE DEPARTMENT SHALL CONSIDER, AN  
13 ADDITIONAL ADJUSTMENT TO RECOGNIZE OBSOLESCENCE USING STANDARD APPRAISAL  
14 METHODS AND TECHNIQUES.

15 C. THE DEPARTMENT SHALL NOT VALUE PERSONAL PROPERTY CONSTRUCTION WORK  
16 IN PROGRESS UNTIL THE PROPERTY IS FIRST PLACED IN COMMERCIAL SERVICE. FOR  
17 THE PURPOSES OF THIS SUBSECTION, "COMMERCIAL SERVICE" MEANS:

18 1. FOR MACHINERY AND EQUIPMENT USED IN THE GENERATION OF ELECTRICITY  
19 BEING VALUED AND PLACED ON THE TAX ROLL FOR THE FIRST TIME, THE OFFICIAL  
20 ASSUMPTION OF OPERATION AND OWNERSHIP OF THE MACHINERY AND EQUIPMENT FROM THE  
21 CONTRACTOR BY THE PLANT OPERATOR.

22 2. FOR MACHINERY AND EQUIPMENT ADDED TO EXISTING GENERATION  
23 FACILITIES, THAT THE CONSTRUCTION WORK HAS PROGRESSED TO A SUFFICIENT DEGREE  
24 FOR THE MACHINERY AND EQUIPMENT TO BE USEFUL FOR THE PURPOSE FOR WHICH IT IS  
25 BEING CONSTRUCTED.

26 3. FOR MACHINERY AND EQUIPMENT RELATED TO SELF-CONSTRUCTED FACILITIES,  
27 THAT THE CONSTRUCTION WORK HAS PROGRESSED TO A SUFFICIENT DEGREE FOR THE  
28 MACHINERY AND EQUIPMENT TO BE USEFUL FOR THE PURPOSE FOR WHICH IT IS BEING  
29 CONSTRUCTED.

30 D. FOR THE PURPOSES OF THIS SECTION:

31 1. "PERSONAL PROPERTY" INCLUDES ALL TANGIBLE PROPERTY EXCEPT FOR LAND  
32 AND REAL PROPERTY IMPROVEMENTS. PERSONAL PROPERTY INCLUDES FOUNDATIONS OR  
33 SUPPORTS FOR THE MACHINERY OR APPARATUS FOR WHICH THEY ARE PROVIDED,  
34 INCLUDING WATER COOLING TOWERS.

35 2. "REAL PROPERTY IMPROVEMENTS" INCLUDES BUILDINGS, INCLUDING  
36 ADMINISTRATION BUILDINGS, MAINTENANCE WAREHOUSES AND GUARD SHACKS, WATER  
37 RETENTION PONDS, SEWAGE TREATMENT PONDS, RESERVOIRS, SIDEWALKS, DRIVES,  
38 CURBS, PARKING LOTS, TUNNELS, DUCT BANKS, CANALS, FENCING AND LANDSCAPING.

39 42-14554. Assessment, levy and collection of tax; debt; lien

40 A. THE DEPARTMENT SHALL ANNUALLY:

41 1. ENTER IN ITS RECORDS THE VALUATION OF ELECTRIC GENERATION  
42 FACILITIES AS DETERMINED UNDER SECTION 42-14553.

43 2. DETERMINE THE ASSESSED VALUATION OF THE PROPERTY AS PROVIDED BY  
44 SECTIONS 42-12010 AND 42-15010.

1           3. LEVY A TAX AGAINST THE ASSESSED VALUATION AT A RATE THAT EQUALS THE  
2 AVERAGE OF THE RATES FOR PRIMARY AND SECONDARY PROPERTY TAXES IN ALL TAXING  
3 JURISDICTIONS IN THIS STATE FOR THE CURRENT TAX YEAR.

4           4. COLLECT THE TAXES ACCORDING TO THE SCHEDULES PRESCRIBED BY SECTION  
5 42-18052.

6           5. THROUGH DECEMBER 31, 2039, TRANSMIT TWENTY PER CENT OF THE TAX  
7 REVENUES TO THE ENERGY PARK AUTHORITY FOR DEPOSIT IN THE ENERGY AUTHORITY  
8 GENERAL FUND ESTABLISHED BY SECTION 30-452, SUBSECTION A. REVENUES  
9 ATTRIBUTABLE TO NEW CONSTRUCTION OF, OR ADDITIONS TO, PROPERTY COLLECTED IN  
10 THE FIRST TAX YEAR SHALL BE CREDITED TO THE DECOMMISSIONING ACCOUNT IN THE  
11 GENERAL FUND. BEGINNING JANUARY 1, 2040, THE DEPARTMENT SHALL TRANSMIT ALL  
12 TAX REVENUES TO THE TREASURERS OF THE RESPECTIVE COUNTIES IN WHICH ELECTRIC  
13 GENERATION FACILITIES ARE LOCATED FOR CREDIT TO THE TAXING JURISDICTIONS IN  
14 WHICH THE FACILITIES ARE LOCATED IN PROPORTION TO THEIR RESPECTIVE TAX  
15 LEVIES.

16           6. TRANSMIT THE REMAINDER OF THE TAX REVENUES TO THE TREASURERS OF THE  
17 RESPECTIVE COUNTIES IN WHICH THE ELECTRIC GENERATION FACILITIES ARE LOCATED  
18 FOR CREDIT TO THE TAXING JURISDICTIONS IN WHICH THE FACILITIES ARE LOCATED IN  
19 PROPORTION TO THEIR RESPECTIVE TAX LEVIES.

20           B. THE TAX IMPOSED BY THIS SECTION IS IN LIEU OF ALL OTHER AD VALOREM  
21 TAXES ON PERSONAL PROPERTY AND IMPROVEMENTS CONSTITUTING ELECTRIC GENERATION  
22 FACILITIES THAT ARE CLASSIFIED AS CLASS TEN PURSUANT TO SECTION 42-12010.  
23 PROPERTY THAT IS SUBJECT TO TAX UNDER THIS SECTION IS NOT SUBJECT TO THE LEVY  
24 OF TAX BY ANY COUNTY, CITY, TOWN, COMMUNITY COLLEGE DISTRICT, SCHOOL  
25 DISTRICT, SPECIAL TAXING DISTRICT OR OTHER TAXING JURISDICTION IN THIS STATE.

26           C. DELINQUENT TAXES UNDER THIS SECTION BEAR INTEREST AT THE RATE  
27 DETERMINED PURSUANT TO SECTION 42-1123.

28           D. THE VALUATIONS THAT ARE USED FOR TAX PURPOSES PURSUANT TO THIS  
29 ARTICLE ARE A MATTER OF PUBLIC RECORD AND ARE NOT CONFIDENTIAL INFORMATION  
30 UNDER CHAPTER 2, ARTICLE 1 OF THIS TITLE.

31           E. THE TAX IMPOSED BY THIS ARTICLE:

32           1. IS A DEBT OF THE BUSINESS ENTITY THAT OWNS THE GENERATION FACILITY.

33           2. MAY BE COLLECTED BY AN ACTION INSTITUTED AND PROSECUTED BY THE  
34 ATTORNEY GENERAL ON THE DIRECTOR'S REQUEST.

35           3. IS A LIEN PURSUANT TO SECTION 42-17154 AGAINST THE ASSESSED  
36 GENERATION FACILITY.

37           Sec. 8. Renumber

38           Section 42-15010, Arizona Revised Statutes, is renumbered as section  
39 42-15011.

40           Sec. 9. Title 42, chapter 15, article 1, Arizona Revised Statutes, is  
41 amended by adding a new section 42-15010, to read:

42           42-15010. Assessed valuation of class ten property

43           A. FOR TAX YEARS THROUGH DECEMBER 31, 2012, THE ASSESSED VALUATION OF  
44 CLASS TEN PROPERTY IS THE SAME PERCENTAGE OF FULL CASH VALUE OR LIMITED  
45 VALUATION AS PRESCRIBED BY SECTION 42-15001.

1           B. FOR EACH TAX YEAR BEGINNING FROM AND AFTER DECEMBER 31, 2012, THE  
2 DEPARTMENT SHALL ANNUALLY ADJUST THE ASSESSMENT PERCENTAGE OF CLASS TEN  
3 PROPERTY, ROUNDED TO ONE-TENTH OF ONE PER CENT, TO MAINTAIN THE SAME  
4 AGGREGATE STATEWIDE ASSESSED VALUATION OF ALL PROPERTY IN CLASS TEN AS IN THE  
5 PRECEDING VALUATION YEAR PLUS FORTY PER CENT OF THE ASSESSED VALUATION  
6 ATTRIBUTABLE TO ANY NEW CONSTRUCTION OF, OR ADDITIONS TO, CLASS TEN PROPERTY  
7 DURING THE PRECEDING VALUATION YEAR.

8           Sec. 10. Legislative findings

9           The legislature finds that:

10          1. There are extensive reserves of energy in this state and  
11 insufficient facilities to warrant the timely development and marketing of  
12 those reserves.

13          2. Timely development of energy sources in this state will stabilize  
14 and increase revenue to the state.

15          3. New infrastructure will increase development of energy sources in  
16 this state.

17          4. It is in the public interest of the citizens of this state to  
18 promote the economic welfare of the state and its residents by increasing  
19 employment, stimulating economic activity, augmenting sources of tax revenue,  
20 fostering economic stability and improving the balance of the state's  
21 economy.