

State of Arizona  
House of Representatives  
Fifty-first Legislature  
First Regular Session  
2013

# HOUSE BILL 2446

AN ACT

AMENDING SECTIONS 42-11109, 42-11153 AND 42-11154, ARIZONA REVISED STATUTES;  
RELATING TO PROPERTY TAX EXEMPTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-11109, Arizona Revised Statutes, is amended to  
3 read:

4 42-11109. Exemption for religious property; affidavit

5 A. Property or buildings that are used or held primarily for religious  
6 ~~worship~~ USE, including land, improvements, furniture and equipment, are  
7 exempt from taxation if the property is not used or held for profit.

8 B. VACANT LAND THAT IS HELD BY A RELIGIOUS ASSOCIATION OR INSTITUTION  
9 BUT IS NOT CURRENTLY BEING USED PRIMARILY FOR RELIGIOUS USE IS EXEMPT FROM  
10 TAXATION IF BOTH OF THE FOLLOWING ARE TRUE:

11 1. THE PROPERTY IS NOT USED OR HELD FOR PROFIT.

12 2. THE RELIGIOUS ASSOCIATION OR INSTITUTION CERTIFIES ANNUALLY OR LESS  
13 OFTEN AS REQUIRED BY THE COUNTY ASSESSOR IN WRITING TO USE THE PROPERTY  
14 PRIMARILY FOR RELIGIOUS USE WITHIN A REASONABLE TIME. HOLDING PROPERTY TO  
15 SELL FOR A PROFIT AT A LATER DATE IS NOT CONSIDERED RELIGIOUS USE EVEN IF THE  
16 PROCEEDS FROM THE SALE WILL BE USED TO FURTHER THE RELIGIOUS ASSOCIATION OR  
17 INSTITUTION'S RELIGIOUS MISSION.

18 ~~B.~~ C. Within ten days after receiving an initial affidavit of  
19 eligibility submitted under section 42-11152 by a nonprofit organization that  
20 owns property ~~used primarily for religious worship~~ THAT QUALIFIES FOR  
21 EXEMPTION UNDER SUBSECTION A OR B OF THIS SECTION, the county assessor, on  
22 request, shall issue a receipt for the affidavit.

23 ~~C.~~ D. If the organization files with the assessor evidence of the  
24 organization's tax exempt status under section 501(c)(3) of the internal  
25 revenue code OR IF THE ORGANIZATION IS A CHURCH THAT IS CONSIDERED TAX EXEMPT  
26 WITHOUT FILING FOR DETERMINATION BY THE UNITED STATES INTERNAL REVENUE  
27 SERVICE, the organization is exempt from the requirement of filing subsequent  
28 affidavits under section 42-11152 until all or part of the property is  
29 conveyed to a new owner or ~~is no longer used for religious worship~~ NO LONGER  
30 QUALIFIES FOR EXEMPTION UNDER SUBSECTION A OR B OF THIS SECTION. At that  
31 time the organization shall notify the assessor of the change in writing.

32 ~~D.~~ E. A nonprofit organization that obtains title to property that  
33 was previously owned by another nonprofit organization and ~~used primarily for~~  
34 ~~religious worship~~ THAT QUALIFIED FOR EXEMPTION UNDER SUBSECTION A OR B OF  
35 THIS SECTION shall comply with the requirements of section 42-11152 to  
36 qualify and establish eligibility for exemption.

37 ~~E.~~ F. If a nonprofit organization that holds title to property ~~used~~  
38 ~~primarily for religious worship~~ QUALIFIED FOR EXEMPTION UNDER SUBSECTION A OR  
39 B OF THIS SECTION fails to file the affidavit required by section 42-11152 in  
40 a timely manner, but otherwise qualifies for exemption, the county board of  
41 supervisors, on petition by the organization, shall direct the county  
42 treasurer to:

43 1. Refund any property taxes paid by the organization for a tax year  
44 if the organization submits a claim for the refund to the county treasurer

1 within one year after the date the taxes were paid. The county treasurer  
2 shall pay the claim within thirty days after it is submitted to the  
3 treasurer. The county treasurer is entitled to credit for the refund in the  
4 next accounting period with each taxing jurisdiction to which the tax monies  
5 may have been transmitted.

6 2. Forgive and strike off from the tax roll any property taxes and  
7 accrued interest and penalties that are due but not paid.

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

10 42-11153. Deadline for filing affidavit

11 A. Except as provided in section 42-11104, subsection E, section  
12 42-11109, subsection ~~B~~ C, section 42-11110, subsection B, section 42-11111,  
13 subsection H, section 42-11131, subsection C and section 42-11132, subsection  
14 C, a failure by a taxpayer who is entitled to an exemption to make an  
15 affidavit or furnish evidence required by this article between the first  
16 Monday in January and March 1 of each year constitutes a waiver of the  
17 exemption.

18 B. If a widow, widower or disabled person whose property is exempt  
19 from tax under section 42-11111, or an organization that is exempt from  
20 federal income tax under section 501(c) of the internal revenue code and is  
21 exempt from property tax under article 3 of this chapter, submits a petition  
22 after the deadlines prescribed by subsection A of this section, the person or  
23 organization may have the waiver redeemed by the county board of supervisors  
24 at any regular meeting, except that no taxes that were due and payable before  
25 the petition was submitted may be refunded or abated.

26 Sec. 3. Section 42-11154, Arizona Revised Statutes, is amended to  
27 read:

28 42-11154. Establishing nonprofit status

29 For the purposes of article 3 of this chapter:

30 1. Nonprofit organization status may be established by a letter of  
31 determination issued in the organization's name by the United States internal  
32 revenue service or the department of revenue recognizing the organization's  
33 tax exempt status under section 501(c)(3) of the internal revenue code or  
34 under section 43-1201. **A CHURCH THAT IS CONSIDERED TAX EXEMPT WITHOUT FILING  
35 FOR RECOGNITION WITH THE UNITED STATES INTERNAL REVENUE SERVICE IS NOT  
36 REQUIRED TO PRESENT A LETTER OF DETERMINATION.**

37 2. The requirement that property is not used or held for profit may be  
38 met by a letter of determination described in paragraph 1 of this section and  
39 issued in the name of the organization holding title to the property and for  
40 each organization using the property.