

State of Arizona  
Senate  
Fifty-first Legislature  
First Regular Session  
2013

# SENATE BILL 1315

## AN ACT

TRANSFERRING AND RENUMBERING SECTION 42-16109, ARIZONA REVISED STATUTES, FOR PLACEMENT IN TITLE 42, CHAPTER 15, ARTICLE 4, ARIZONA REVISED STATUTES, AS SECTION 42-15154; AMENDING SECTION 42-15154, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED BY THIS ACT; AMENDING SECTIONS 42-15157, 42-16251, 42-16252, 42-16254, 42-16255, 42-16256, 42-16257 AND 42-16258, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 16, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-16259; RELATING TO PROPERTY TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-16109, Arizona Revised Statutes, is transferred  
3 and renumbered for placement in title 42, chapter 15, article 4, Arizona  
4 Revised Statutes, as section 42-15154 and, as so renumbered, is amended to  
5 read:

6 42-15154. Corrections and changes to tax roll

7 A. AFTER THE ROLL HAS BEEN CERTIFIED BY THE ASSESSOR PURSUANT TO  
8 SECTION 42-15153, the ~~county~~ board OF SUPERVISORS may correct any error, AS  
9 DEFINED IN SECTION 42-16251, or mistake in the assessor's valuation or legal  
10 classification ~~under the law when~~ IF the ~~county~~ board considers it necessary  
11 to PROPERLY list the property on the roll ~~at its full cash value~~.

12 B. The ~~county~~ board shall require the assessor to ~~place on the roll~~  
13 ~~and~~ determine the valuation or legal classification of any property ~~that is~~  
14 ~~subject to taxation but that is not on the roll. In the absence of the~~  
15 ~~assessor, the county board shall determine the valuation or legal~~  
16 ~~classification of the omitted property and transmit the proposed valuation or~~  
17 ~~legal classification to the department as provided by section 42-11056. AND~~  
18 SHALL NOTIFY THE PROPERTY OWNER OF THE ROLL CORRECTION. THE PROPERTY OWNER  
19 MAY APPEAL THE CORRECTION AS PROVIDED BY CHAPTER 16, ARTICLE 6 OF THIS TITLE.

20 C. The county assessor shall make the necessary changes in the tax  
21 roll and records to reflect the ~~county~~ board's determination AND TRANSMIT  
22 NOTICE OF THE CORRECTED VALUATION OR LEGAL CLASSIFICATION TO THE DEPARTMENT  
23 AS PRESCRIBED BY SECTION 42-11056.

24 D. The department has the right to intervene and be heard in any  
25 proceeding pursuant to this section.

26 Sec. 2. Section 42-15157, Arizona Revised Statutes, is amended to  
27 read:

28 42-15157. Destruction of property after rolls closed; proration  
29 of valuation and taxes

30 A. If a property is destroyed after the assessor closes the rolls, the  
31 person who is liable for paying the taxes on the property may ~~petition the~~  
32 ~~assessor to reduce~~ FILE A NOTICE OF CLAIM PURSUANT TO SECTION 42-16254 TO  
33 PRORATE the valuation of the property from the date of destruction ~~as if the~~  
34 ~~reduction were the correction of an error pursuant to chapter 16, article 6~~  
35 ~~of this title~~.

36 B. If the assessor finds that the property has been destroyed:

37 1. The assessor shall ~~fix~~ PRORATE the value of the property from the  
38 LIEN DATE TO THE date of destruction.

39 2. The county treasurer shall compute the amount of taxes assessed  
40 against the property by applying the tax rate for the appropriate tax year to  
41 the original valuation prorated for the portion of the year the property was  
42 intact, plus the tax rate for the appropriate tax year to the reassessed  
43 value of the property prorated for the balance of the year.

1           Sec. 3. Section 42-16251, Arizona Revised Statutes, is amended to  
2 read:

3           42-16251. Definitions

4           In this article, unless the context otherwise requires:

5           1. "Board" means the county board of equalization or the state board  
6 of equalization, as appropriate.

7           2. "Court" means either the superior court or tax court.

8           3. "Error":

9           (a) Means any mistake in A VALUATION OR LEGAL CLASSIFICATION THAT IS  
10 BASED ON AN ERROR THAT IS EXCLUSIVELY FACTUAL IN NATURE OR DUE TO A SPECIFIC  
11 LEGAL RESTRICTION THAT AFFECTS THE SUBJECT PROPERTY AND THAT IS OBJECTIVELY  
12 VERIFIABLE WITHOUT THE EXERCISE OF DISCRETION, OPINION OR JUDGMENT SUCH AS  
13 assessing or collecting property taxes resulting from:

14           ~~(a)~~ (i) An imposition of an incorrect, erroneous or illegal tax rate  
15 that resulted in assessing or collecting excessive taxes.

16           ~~(b)~~ (ii) An incorrect designation or description of the use or  
17 occupancy of property or its classification pursuant to chapter 12, article 1  
18 of this title.

19           ~~(c)~~ (iii) Applying the incorrect assessment ratio percentages  
20 prescribed by chapter 15, article 1 of this title.

21           ~~(d)~~ (iv) Misreporting or failing to report property if a statutory  
22 duty exists to report the property.

23           ~~(e) Subject to the requirements of section 42-16255, subsection B, a~~  
24 ~~valuation or legal classification that is based on an error that is~~  
25 ~~exclusively factual in nature or due to a specific legal restriction that~~  
26 ~~affects the subject property and that is objectively verifiable without the~~  
27 ~~exercise of discretion, opinion or judgment and that is demonstrated by clear~~  
28 ~~and convincing evidence, such as:~~

29           ~~(i)~~ (v) A mistake in the description of the size, use or ownership of  
30 land, improvements or personal property.

31           ~~(ii)~~ (vi) Clerical or typographical errors in reporting or entering  
32 data that was used directly to establish valuation.

33           ~~(iii)~~ (vii) A failure to timely capture on the tax roll a change in  
34 value or legal classification caused by new construction, the destruction or  
35 demolition of improvements, the splitting of one parcel of real property into  
36 two or more new parcels or the consolidating of two or more parcels of real  
37 property into one new parcel existing on the valuation date.

38           ~~(iv)~~ (viii) The existence or nonexistence of the property on the  
39 valuation date.

40           (ix) AS LIMITED BY THIS ARTICLE, THE DISCOVERY OF AN ERROR IN PROPERTY  
41 CHARACTERISTIC DATA AFTER MAILING THE ANNUAL NOTICE OF VALUE PURSUANT TO  
42 SECTION 42-15101 TO A GROUPING OF PROPERTIES DELINEATED BY NEIGHBORHOOD OR  
43 CLASSIFICATION.



1 D. If ~~an owner of real property~~ THE TAXPAYER consents to the proposed  
2 correction, ~~or consents to the correction but disputes the proposed valuation~~  
3 ~~or legal classification as provided on the form prescribed by the department,~~  
4 the tax roll shall be promptly corrected ~~to allow property taxes to be levied~~  
5 ~~and collected in all subsequent tax years, but no additional tax, interest or~~  
6 ~~penalty may be imposed for the current tax year or any tax year preceding the~~  
7 ~~date of the notice of error. If an owner of real property disputes the~~  
8 ~~proposed correction and a court determines, after an appeal pursuant to~~  
9 ~~subsection G, that an error occurred, any taxes that are assessed pursuant to~~  
10 ~~this subsection, including all cases involving personal property, are~~  
11 ~~delinquent if not paid within sixty days after the date the supplemental~~  
12 ~~billing is mailed to the taxpayer. If taxes have been overpaid, they shall~~  
13 ~~be refunded with interest at the rate determined pursuant to section 42-1123~~  
14 ~~within ninety days after the roll is corrected. The owner may appeal~~  
15 ~~valuation or legal classification issues that arise from the correction as~~  
16 ~~provided in this section.~~

17 E. If ~~requested~~ THE TAXPAYER DISPUTES THE PROPOSED CORRECTION, the  
18 ~~assessor or department~~ TAX OFFICER shall meet with the taxpayer or the  
19 taxpayer's representative ~~in any case in which the taxpayer has timely filed~~  
20 ~~a written response disputing the proposed correction. TO DISCUSS THE BASIS OF~~  
21 ~~THE DISPUTE. IF, AFTER THE MEETING, THE PARTIES REACH AN AGREEMENT ON THE~~  
22 ~~PROPOSED CORRECTION, THE ROLL SHALL BE CORRECTED PROMPTLY.~~

23 F. If AFTER THE MEETING the parties fail to agree on ~~all or part of~~  
24 the proposed correction, ~~the department or assessor shall serve a notice on~~  
25 ~~the taxpayer by certified mail advising the taxpayer that the error will be~~  
26 ~~corrected within forty five days unless the taxpayer files MAY FILE a~~  
27 petition on a form prescribed by the department with the ~~county board of~~  
28 ~~equalization, if one is established in the county, or, if one is not~~  
29 ~~established in the county, with the state board of equalization. The~~  
30 ~~department or assessor shall include a petition form with the notice and an~~  
31 ~~explanation of the appeals procedure.~~ The petition must be filed with the  
32 ~~county board or the state~~ board within thirty days after the ~~notice~~  
33 ~~prescribed by this subsection is mailed, DATE OF THE MEETING~~ or it is  
34 barred. On receiving the petition, the board shall hold a hearing on the  
35 proposed correction within thirty days and shall issue a written decision  
36 pursuant to the board's rules.

37 G. A party that is dissatisfied with the decision of the ~~county board~~  
38 ~~or state~~ board may appeal the decision to court within sixty days after the  
39 date the board's decision is mailed, but any additional taxes that are  
40 determined to be due must be timely paid before delinquency for the court to  
41 retain jurisdiction of the matter.



1 ~~this subsection are delinquent if not paid within sixty days after the date~~  
2 ~~the supplemental billing is mailed to the taxpayer. For the purposes of this~~  
3 ~~subsection, "legal rate" means the interest rate set by the department~~ SHALL  
4 BE CORRECTED PROMPTLY.

5 F. If AFTER THE MEETING the parties fail to agree on ~~all or part of~~  
6 the proposed correction, the taxpayer may file a petition with the ~~county~~  
7 ~~board of equalization, if one is established in the county, or, if one is not~~  
8 ~~established in the county, with the state~~ board of equalization on a form  
9 prescribed by the department and shall send a copy to the tax officer by  
10 certified mail. The petition must be filed with the ~~county board or state~~  
11 board within ~~one hundred fifty~~ SIXTY days after the ~~notice of claim is filed~~  
12 DATE OF THE MEETING or it is barred. On receiving the petition, the  
13 ~~appropriate~~ board shall hold a hearing on the proposed correction within  
14 thirty days and shall issue a written decision pursuant to the board's rules.

15 G. A party that is dissatisfied with the decision of the ~~county board~~  
16 ~~or state~~ board may appeal the decision to court within sixty days after the  
17 date the board's decision is mailed, but any additional taxes that are  
18 determined to be due must be timely paid before delinquency for the court to  
19 retain jurisdiction of the matter. In addition, in order for a taxpayer to  
20 recover a refund for taxes paid in a preceding tax year as a result of an  
21 error, all taxes that were levied and assessed against the property for the  
22 tax year must be paid before delinquency in order for the court to retain  
23 jurisdiction of the matter.

24 ~~H. For the purposes of this section, "tax officer" means the~~  
25 ~~department, county assessor or county board of supervisors, whichever is~~  
26 ~~appropriate under the circumstances described in subsection A, paragraph 1, 2~~  
27 ~~or 3 of this section.~~

28 Sec. 6. Section 42-16255, Arizona Revised Statutes, is amended to  
29 read:

30 42-16255. Evidence that may be considered at hearings: pending  
31 administrative and judicial appeals

32 A. In any hearing before the county board, state board or court under  
33 this article, either party may present any evidence regarding property tax  
34 errors regardless of whether ~~a~~ THE EVIDENCE WAS PRESENTED WHEN THE notice of  
35 ~~error~~ PROPOSED CORRECTION or notice of claim was filed. The board or court  
36 has jurisdiction to make any such correction.

37 B. ~~This article does not authorize an independent review of the~~  
38 ~~overall valuation or legal classification of property that could have been~~  
39 ~~appealed pursuant to article 2, 3, 4 or 5 of this chapter or chapter 19,~~  
40 ~~article 2 of this title.~~ If an administrative or judicial appeal is pending  
41 regarding the subject property, the alleged error shall be adjudicated as  
42 part of the administrative or judicial appeal for the affected tax year. If  
43 a specific error of fact, not previously known, was not addressed in a prior  
44 appeal, an appeal may be brought pursuant to this section.

1           Sec. 7. Section 42-16256, Arizona Revised Statutes, is amended to  
2 read:

3           42-16256. Limitations

4           A. In the case of real or personal property, correction of errors  
5 under this article is limited to the period during which the current owner of  
6 record held title to the property, if the owner is a purchaser in good faith  
7 and without notice of any error that could have caused proceedings to be  
8 initiated to correct the tax roll when the owner purchased the property.

9           B. Except as provided in subsection C of this section, ~~and subject to~~  
10 ~~the provisions of section 42-16252, subsection D,~~ a notice of ~~error~~ PROPOSED  
11 CORRECTION or notice of claim under this article is limited to the current  
12 tax year in which the notice of ~~error~~ PROPOSED CORRECTION or notice of claim  
13 is filed, ~~and~~ the three immediately preceding tax years AND ANY FUTURE TAX  
14 YEARS FOR WHICH A NOTICE OF VALUE HAS BEEN MAILED PURSUANT TO SECTION  
15 42-15101 OR 42-15105. IF THE ERROR IS DISCOVERED AFTER THE ROLL HAS BEEN  
16 CERTIFIED PURSUANT TO SECTION 42-15153, ADDITIONAL TAX, INTEREST OR PENALTIES  
17 SHALL NOT BE IMPOSED. THIS LIMITATION DOES NOT APPLY TO PROPERTY DISCOVERED  
18 ON AUDIT OR INVESTIGATION PURSUANT TO CHAPTER 15, ARTICLE 2 OF THIS TITLE.

19           C. If a specific error involving a particular property is established  
20 by a final nonappealable ruling by a court of competent jurisdiction in favor  
21 of the party who brought the action, the error may be corrected as of the  
22 date the action was filed or as of the date a notice of claim or notice of  
23 ~~error~~ PROPOSED CORRECTION was filed pursuant to this article, whichever is  
24 earlier, but no additional assessment or refund for any period before that  
25 date is permitted.

26           D. FOR AN ERROR DESCRIBED IN SECTION 42-16251, PARAGRAPH 3,  
27 SUBDIVISION (a), ITEM (i), A NOTICE OF PROPOSED CORRECTION IS LIMITED TO THE  
28 TAX YEAR FOR WHICH THE ANNUAL NOTICE OF VALUE WAS MAILED AND MUST BE MAILED  
29 TO THE PROPERTY OWNER ON OR BEFORE JUNE 30 OF THE VALUATION YEAR. ANY CHANGE  
30 MADE UNDER THIS SUBSECTION SHALL BE TRANSMITTED TO THE DEPARTMENT AS PROVIDED  
31 BY SECTION 42-11056.

32           E. THIS ARTICLE DOES NOT AUTHORIZE AN INDEPENDENT REVIEW OF THE  
33 OVERALL VALUATION OR LEGAL CLASSIFICATION OF PROPERTY THAT COULD HAVE BEEN  
34 APPEALED PURSUANT TO ARTICLE 2, 3, 4 OR 5 OF THIS CHAPTER OR CHAPTER 19,  
35 ARTICLE 2 OF THIS TITLE.

36           F. THIS SECTION SHALL NOT BE CONSTRUED TO LIMIT THE CORRECTION OF THE  
37 ROLL FOR THE CURRENT TAX YEAR OR ANY SUBSEQUENT VALUATION YEAR FOR WHICH A  
38 NOTICE OF VALUE HAS BEEN SENT TO THE TAXPAYER. ALL ROLL CORRECTIONS SHALL BE  
39 PROCESSED IN A TIMELY MANNER TO ALLOW PROPERTY TAXES TO BE PROPERLY LEVIED  
40 AND PROMPTLY COLLECTED.

41           G. IN THE CASE OF REAL PROPERTY, CORRECTION OF ERRORS UNDER THIS  
42 ARTICLE IS LIMITED TO PROPERTY THAT A CERTIFICATE OF PURCHASE HAS NOT BEEN  
43 ISSUED, PURSUANT TO CHAPTER 19, ARTICLE 3 OF THIS TITLE.

1           Sec. 8. Section 42-16257, Arizona Revised Statutes, is amended to  
2 read:

3           42-16257. Valuation of property

4           In valuing any property pursuant to this article, the assessor,  
5 department or reviewing body shall use the valuation and legal classification  
6 criteria that were in effect on the valuation date **FOR THE TAX YEAR OF THE**  
7 **CORRECTION.**

8           Sec. 9. Section 42-16258, Arizona Revised Statutes, is amended to  
9 read:

10          42-16258. Correcting tax roll by county treasurer

11          A. After receiving the tax roll, if the county treasurer determines  
12 that any property is omitted from the roll, or has reason to believe that any  
13 personal property that is omitted from the roll has not been taxed in any  
14 other county for that year, the treasurer shall ~~immediately list and~~ request  
15 the assessor to determine the valuation of the property.

16          B. The treasurer shall enter the valuation on the roll following the  
17 levies made and delivered by the county board of supervisors. The entries  
18 shall be designated as additional valuations, and the taxes so computed by  
19 the county treasurer are valid for all purposes.

20          C. If there is an error on the roll in the name of the person assessed  
21 or taxed, the county treasurer may change the name and collect the tax from  
22 the person who should be taxed, if that person is liable for the tax and can  
23 be identified by the treasurer.

24          **D. IF AN ERROR OR OMISSION IS DETERMINED UNDER THIS SECTION, THE**  
25 **PROPERTY OWNER SHALL BE NOTIFIED OF THE ROLL CORRECTION AND MAY APPEAL THE**  
26 **CORRECTION PURSUANT TO SECTION 42-16252.**

27          Sec. 10. Title 42, chapter 16, article 6, Arizona Revised Statutes, is  
28 amended by adding section 42-16259, to read:

29          42-16259. Transmitting corrections and claims to county  
30 treasurer; billing

31          **A. THE COUNTY TREASURER SHALL MAIL A CORRECTED BILLING TO THE TAXPAYER**  
32 **ON ANY OF THE FOLLOWING:**

- 33           1. THE CONSENT OF THE TAXPAYER TO THE ROLL CORRECTION.
- 34           2. THE CONSENT OF THE TAXING AUTHORITY TO THE NOTICE OF CLAIM.
- 35           3. THE DECISION OF THE BOARD OF EQUALIZATION.

36          **B. ANY TAXES THAT ARE ASSESSED PURSUANT TO THIS ARTICLE ARE DELINQUENT**  
37 **IF THEY ARE NOT PAID WITHIN NINETY DAYS AFTER THE DATE THE CORRECTED BILLING**  
38 **IS MAILED TO THE TAXPAYER. IF TAXES HAVE BEEN OVERPAID, THEY SHALL BE**  
39 **REFUNDED WITH INTEREST AT THE RATE PRESCRIBED IN SECTION 42-16214 WITHIN**  
40 **NINETY DAYS AFTER THE ROLL IS CORRECTED.**