

REFERENCE TITLE: **property tax; disabled veterans' residences**

State of Arizona  
Senate  
Fifty-second Legislature  
Second Regular Session  
2016

## **SB 1431**

Introduced by  
Senator Griffin

AN ACT

AMENDING SECTIONS 15-972, 42-12003, 42-12009, 42-12052, 42-12053 AND 42-12054, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 12, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-12058; AMENDING SECTIONS 42-15102 AND 42-15103, 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 15-972, Arizona Revised Statutes, is amended to  
3 read:

4 15-972. State limitation on homeowner property taxes:  
5 additional state aid to school districts: definitions

6 A. Notwithstanding section 15-971, there shall be additional state aid  
7 for education computed for school districts as provided in subsection B of  
8 this section.

9 B. The clerk of the board of supervisors shall compute such additional  
10 state aid for education as follows:

11 1. For a high school district or for a common school district within a  
12 high school district that does not offer instruction in high school subjects  
13 as provided in section 15-447:

14 (a) Determine the qualifying tax rate pursuant to section 41-1276 for  
15 the school district.

16 (b) Determine the following percentage of the qualifying tax rate  
17 determined in subdivision (a) of this paragraph:

18 (i) Thirty-five percent through December 31, 2005.

19 (ii) Thirty-six percent beginning from and after December 31, 2005  
20 through December 31, 2006.

21 (iii) Thirty-seven percent beginning from and after December 31, 2006  
22 through December 31, 2007.

23 (iv) Thirty-eight percent beginning from and after December 31, 2007  
24 through December 31, 2008.

25 (v) Thirty-nine percent beginning from and after December 31, 2008  
26 through December 31, 2009.

27 (vi) Forty percent beginning from and after December 31, 2009.

28 (vii) Such further adjustments of the percentage beginning from and  
29 after December 31, 2012 as provided by law.

30 (c) Select the lesser of the amount determined in subdivision (b) of  
31 this paragraph or forty percent of the primary property tax rate that would  
32 be levied in lieu of the provisions of this section for the district.

33 (d) Multiply the rate selected in subdivision (c) of this paragraph as  
34 a rate per one hundred dollars assessed valuation by the assessed valuation  
35 used for primary property taxes of the residential property in the school  
36 district.

37 2. For a unified school district, for a common school district not  
38 within a high school district or for a common school district that offers  
39 instruction in high school subjects as provided in section 15-447:

40 (a) Determine the qualifying tax rate pursuant to section 41-1276 for  
41 the school district.

42 (b) Determine the following percentage of the tax rate determined in  
43 subdivision (a) of this paragraph:

44 (i) Thirty-five percent through December 31, 2005.

1 (ii) Thirty-six percent beginning from and after December 31, 2005  
2 through December 31, 2006.

3 (iii) Thirty-seven percent beginning from and after December 31, 2006  
4 through December 31, 2007.

5 (iv) Thirty-eight percent beginning from and after December 31, 2007  
6 through December 31, 2008.

7 (v) Thirty-nine percent beginning from and after December 31, 2008  
8 through December 31, 2009.

9 (vi) Forty percent beginning from and after December 31, 2009.

10 (vii) Such further adjustments of the percentage beginning from and  
11 after December 31, 2012 as provided by law.

12 (c) Select the lesser of the amount determined in subdivision (b) of  
13 this paragraph or forty percent of the primary property tax rate that would  
14 be levied in lieu of the provisions of this section for the district.

15 (d) Multiply the rate selected in subdivision (c) of this paragraph as  
16 a rate per one hundred dollars assessed valuation by the assessed valuation  
17 used for primary property taxes of the residential property in the district.

18 C. The clerk of the board of supervisors shall report to the  
19 department of revenue not later than the Friday following the third Monday in  
20 August of each year the amount by school district of additional state aid for  
21 education and the data used for computing the amount as provided in  
22 subsection B of this section. The department of revenue shall verify all of  
23 the amounts and report to the county board of supervisors not later than  
24 August 30 of each year the property tax rate or rates that shall be used for  
25 property tax reduction as provided in subsection E of this section.

26 D. The board of supervisors shall reduce the property tax rate or  
27 rates that would be levied in lieu of the provisions of this section by the  
28 school district or districts on the assessed valuation used for primary  
29 property taxes of the residential property in the school district or  
30 districts by the rate or rates selected in subsection B, paragraph 1,  
31 subdivision (c) and paragraph 2, subdivision (c) of this section. The excess  
32 of the reduction in property taxes for a parcel of property resulting from  
33 the reduction in the property tax rate pursuant to this subsection over the  
34 amounts listed in this subsection shall be deducted from the amount of  
35 additional state aid for education. The reduction in property taxes on a  
36 parcel of property resulting from the reduction in the property tax rate  
37 pursuant to this subsection shall not exceed the following amounts except as  
38 provided in subsection I of this section:

39 1. Five hundred dollars through December 31, 2005.

40 2. Five hundred twenty dollars beginning from and after December 31,  
41 2005 through December 31, 2006.

42 3. Five hundred forty dollars beginning from and after December 31,  
43 2006 through December 31, 2007.

44 4. Five hundred sixty dollars beginning from and after December 31,  
45 2007 through December 31, 2008.

1           5. Five hundred eighty dollars beginning from and after December 31,  
2 2008 through December 31, 2009.

3           6. Six hundred dollars beginning from and after December 31, 2009.

4           E. Prior to the levying of taxes for school purposes the board of  
5 supervisors shall determine whether the total primary property taxes to be  
6 levied for all taxing jurisdictions on each parcel of residential property,  
7 in lieu of the provisions of this subsection, violate article IX, section 18,  
8 Constitution of Arizona. For those properties that qualify for property tax  
9 exemptions pursuant to article IX, sections 2, 2.1 and 2.2, Constitution of  
10 Arizona, eligibility for the credit is determined on the basis of the limited  
11 property value that corresponds to the taxable assessed value after reduction  
12 for the applicable exemption. If the board of supervisors determines that  
13 such a situation exists, the board shall apply a credit against the primary  
14 property taxes due from each such parcel in the amount in excess of article  
15 IX, section 18, Constitution of Arizona. Such excess amounts shall also be  
16 additional state aid for education for the school district or districts in  
17 which such parcel of property is located.

18           F. The clerk of the board of supervisors shall report to the  
19 department of revenue not later than September 5 of each year the amount by  
20 school district of additional state aid for education and the data used for  
21 computing the amount as provided in subsection B of this section. The  
22 department of revenue shall verify all of the amounts and report to the board  
23 of supervisors not later than September 10 of each year the property tax rate  
24 that shall be used for property tax reduction as provided in subsection E of  
25 this section.

26           G. The clerk of the board of supervisors shall report to the  
27 department of revenue not later than September 30 of each year in writing the  
28 following:

29           1. The data processing specifications used in the calculations  
30 provided for in subsections B and E of this section.

31           2. At a minimum, copies of two actual tax bills for residential  
32 property for each distinct tax area.

33           H. The department of revenue shall report to the state board of  
34 education not later than October 12 of each year the amount by school  
35 district of additional state aid for education as provided in this section.  
36 The additional state aid for education provided in this section shall be  
37 apportioned as provided in section 15-973.

38           I. If a parcel of property is owned by a cooperative apartment  
39 corporation or is owned by the tenants of a cooperative apartment corporation  
40 as tenants in common, the reduction in the property taxes prescribed in  
41 subsection D of this section shall not exceed the amounts listed in  
42 subsection D of this section for each owner-occupied housing unit on the  
43 property. The assessed value used for determining the reduction in taxes for  
44 the property is equal to the total assessed value of the property times the  
45 ratio of the number of owner-occupied housing units to the total number of

1 housing units on the property. For the purposes of this subsection,  
2 "cooperative apartment corporation" means a corporation:

3 1. Having only one class of outstanding stock.

4 2. **OF WHICH** all of the stockholders ~~of which~~ are entitled, solely by  
5 reason of their ownership of stock in the corporation, to occupy for dwelling  
6 purposes apartments in a building owned or leased by such corporation and ~~who~~  
7 are not entitled, either conditionally or unconditionally, except ~~upon~~ **ON** a  
8 complete or partial liquidation of the corporation, to receive any  
9 distribution not out of earnings and profits of the corporation.

10 3. **OF WHICH** eighty percent or more of the gross income ~~of which~~ is  
11 derived from tenant-stockholders. For the purposes of this paragraph, "gross  
12 income" means gross income as defined by the United States internal revenue  
13 code, as defined in section 43-105.

14 J. The total amount of state monies that may be spent in any fiscal  
15 year for state aid for education in this section shall not exceed the amount  
16 appropriated or authorized by section 35-173 for that purpose. This section  
17 shall not be construed to impose a duty on an officer, agent or employee of  
18 this state to discharge a responsibility or to create any right in a person  
19 or group if the discharge or right would require an expenditure of state  
20 monies in excess of the expenditure authorized by legislative appropriation  
21 for that specific purpose.

22 K. Notwithstanding subsection E of this section, beginning in fiscal  
23 year 2015-2016, the maximum amount of additional state aid for education that  
24 will be funded by this state pursuant to subsection E of this section shall  
25 be one million dollars per county. For any county with a school district or  
26 districts that collectively would otherwise receive more than one million  
27 **DOLLARS** in additional state aid for education pursuant to subsection E of  
28 this section, the property tax oversight commission established by section  
29 42-17002 shall determine the proportion of the violation of article IX,  
30 section 18, Constitution of Arizona, that is attributable to each taxing  
31 jurisdiction within the affected school district or districts. Based on  
32 those proportions, the property tax oversight commission shall determine an  
33 amount that each taxing jurisdiction within the affected school district or  
34 districts shall transfer to the affected school district or districts during  
35 the fiscal year in order to compensate the affected school district or  
36 districts for its pro rata share of the reduction in additional state aid for  
37 education funding required by this subsection. In determining the proportion  
38 of the violation of article IX, section 18, Constitution of Arizona, that is  
39 attributable to each taxing jurisdiction within the affected school district  
40 or districts, the property tax oversight commission shall assume a proportion  
41 of zero for any taxing jurisdiction that has a tax rate for the fiscal year  
42 that is equal to or less than the tax rate of peer jurisdictions, as  
43 determined by the property tax oversight commission.

1 L. For the purposes of this section:

2 1. "Owner" includes any purchaser under a contract of sale or under a  
3 deed of trust.

4 2. "Residential property" includes owner-occupied real property and  
5 improvements to the property and owner-occupied mobile homes that are used as  
6 the owner's primary residence and classified as class three property pursuant  
7 to section 42-12003 AND AS CLASS NINE PROPERTY PURSUANT TO SECTION 42-12009,  
8 SUBSECTION A, PARAGRAPH 6.

9 Sec. 2. Section 42-12003, Arizona Revised Statutes, is amended to  
10 read:

11 42-12003. Class three property; definition

12 A. For purposes of taxation, class three is established consisting of:

13 1. Real and personal property and improvements to the property that  
14 are used as the owner's primary residence, that are not otherwise included in  
15 class one, two, four, six, seven, ~~or~~ eight OR NINE and that are valued at  
16 full cash value.

17 2. Real and personal property that is occupied by a relative of the  
18 owner, as provided by section 42-12053, and used as the relative's primary  
19 residence, that is not otherwise included in class one, two, four, six, seven  
20 or eight and that is valued at full cash value.

21 B. For the purposes of this section, a homesite that is included in  
22 class three may include:

23 1. Up to ten acres on a single parcel of real property on which the  
24 residential improvement is located.

25 2. More than ten, but not more than forty, acres on a single parcel of  
26 real property on which the residential improvement is located if it is zoned  
27 exclusively for residential purposes or contains legal restrictions or  
28 physical conditions that prevent the division of the parcel.

29 C. For the purposes of this section, "physical conditions" means  
30 topography, mountains, washes, rivers, roads or any other configuration that  
31 limits the residential usable land area.

32 Sec. 3. Section 42-12009, Arizona Revised Statutes, is amended to  
33 read:

34 42-12009. Class nine property

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

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

39 (a) The improvements are required to become the property of the  
40 federal, state, county or municipal owner of the property on termination  
41 of the leasehold interest in the property.

42 (b) Both the improvements and the property are used exclusively for  
43 convention activities or athletic, recreational, entertainment, artistic or  
44 cultural facilities.

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

3           (a) The improvements are required to become the property of the  
4 federal, state, county or municipal owner of the property on termination  
5 of the leasehold interest in the property.

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

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

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

13           3. Property that is defined as "contractor-acquired property" or  
14 "government-furnished property" in the federal acquisition regulations  
15 (48 Code of Federal Regulations section 45.101) and that is leased to or  
16 acquired by the government and used to perform a government contract.

17           4. Property of a corporation that is organized by or at the  
18 direction of this state or a county, city or town to develop, construct,  
19 improve, repair, replace or own any property, improvement, building or  
20 other facility to be used for public purposes that the state, county, city  
21 or town pledges to lease or lease-purchase with state, county or municipal  
22 special or general revenues and that is not otherwise exempt under chapter  
23 11, article 3 of this title.

24           5. Real property and improvements, including land, buildings,  
25 furniture and equipment, regardless of ownership, that are leased for the  
26 entire valuation year to, and used exclusively by, a nonprofit organization  
27 that is recognized under section 501(c)(3) of the internal revenue code and  
28 that operates on the premises as a charter school pursuant to section 15-183  
29 or that are leased for the entire valuation year to, and used exclusively by,  
30 a nonprofit church, religious assembly or religious institution. If only  
31 part of a parcel of real property or improvements to real property is leased  
32 for operation of a charter school or a church, religious assembly or  
33 religious institution as provided by this paragraph, only the portion so  
34 leased qualifies for classification under this section. A property owner who  
35 leases property to a charter school or a church, religious assembly or  
36 religious institution as provided by this paragraph shall file an affidavit  
37 with the county assessor stating that the charter school or church, religious  
38 assembly or religious institution shall be the sole beneficiary of the change  
39 in property tax classification pursuant to this section and that the lease  
40 rate that is charged to the charter school or church, religious assembly or  
41 religious institution is consistent with the lease rates that are charged to  
42 other tenants of the property or a fair market rate.

43           6. REAL AND PERSONAL PROPERTY AND IMPROVEMENTS TO THE PROPERTY THAT  
44 ARE USED AS THE PRIMARY RESIDENCE OF A QUALIFYING VETERAN WITH A DISABILITY  
45 THAT IS OWNED BY THE VETERAN, BY THE VETERAN'S SPOUSE OR JOINTLY BY THE

1 VETERAN AND THE VETERAN'S SPOUSE, AS PROVIDED BY SECTION 42-12058. FOR THE  
2 PURPOSES OF THIS PARAGRAPH, A HOMESITE THAT IS INCLUDED IN CLASS NINE MAY  
3 INCLUDE:

4 (a) UP TO TEN ACRES ON A SINGLE PARCEL OF REAL PROPERTY ON WHICH THE  
5 RESIDENTIAL IMPROVEMENT IS LOCATED.

6 (b) MORE THAN TEN, BUT NOT MORE THAN FORTY, ACRES ON A SINGLE PARCEL  
7 OF REAL PROPERTY ON WHICH THE RESIDENTIAL IMPROVEMENT IS LOCATED IF IT IS  
8 ZONED EXCLUSIVELY FOR RESIDENTIAL PURPOSES OR CONTAINS LEGAL RESTRICTIONS OR  
9 PHYSICAL CONDITIONS THAT PREVENT THE DIVISION OF THE PARCEL. FOR THE  
10 PURPOSES OF THIS SUBDIVISION, "PHYSICAL CONDITIONS" MEANS TOPOGRAPHY,  
11 MOUNTAINS, WASHES, RIVERS, ROADS OR ANY OTHER CONFIGURATION THAT LIMITS THE  
12 RESIDENTIAL USABLE LAND AREA.

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

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

17 Sec. 4. Section 42-12052, Arizona Revised Statutes, is amended to  
18 read:

19 42-12052. Review and verification of class three and class nine  
20 property; civil penalty; appeals

21 A. Each county assessor shall review assessment information, on a  
22 continuing basis, to ensure proper classification of residential dwellings.  
23 The assessor may enter into intergovernmental agreements with the department  
24 for an exchange of information to ensure a coordinated and comprehensive  
25 review and identification of property that may be rented while classified as  
26 class three pursuant to section 42-12003 OR AS CLASS NINE PURSUANT TO SECTION  
27 42-12009, SUBSECTION A, PARAGRAPH 6.

28 B. If the assessor has reason to believe that a parcel of property  
29 that is classified as class three pursuant to section 42-12003 OR AS CLASS  
30 NINE PURSUANT TO SECTION 42-12009, SUBSECTION A, PARAGRAPH 6 is not used as  
31 the owner's primary residence or as a qualifying family member residence  
32 pursuant to section 42-12053, the assessor shall notify the owner, in a form  
33 prescribed by the department as provided by subsection D of this section, and  
34 request that the owner respond as to whether the property meets the  
35 requirements of section 42-12003, SECTION 42-12009, SUBSECTION A, PARAGRAPH 6  
36 or SECTION 42-12053 OR 42-12058, is a secondary residence or is used as a  
37 rental property. If the owner fails to respond to the assessor within thirty  
38 days after the notice is mailed, the assessor shall mail the owner a final  
39 notice within thirty days requesting that the owner provide information as to  
40 whether or not the property meets the requirements of a primary residence,  
41 OR a secondary residence or is used as a rental property. If the owner fails  
42 to respond to the assessor within fifteen days after the final notice is  
43 mailed, the assessor shall:

1           1. Reclassify the property as class four. In addition to other appeal  
2 procedures provided by law, the owner of the property that is reclassified as  
3 class four under this paragraph may appeal the reclassification to the county  
4 board of supervisors within thirty days after the notice of classification is  
5 mailed. If the owner proves to the board's satisfaction that the property is  
6 occupied as the owner's primary residence, the board shall order the property  
7 to be reclassified as class three property pursuant to section 42-12003 OR AS  
8 CLASS NINE PURSUANT TO SECTION 42-12009, SUBSECTION A, PARAGRAPH 6, AS  
9 APPLICABLE.

10           2. Notify the county treasurer who shall assess a civil penalty  
11 against the property equal to the amount of additional state aid paid  
12 pursuant to section 15-972 with respect to the property in the preceding tax  
13 year. The civil penalty shall not be assessed if the ownership of the  
14 property has changed after notification. The owner of the property shall pay  
15 a penalty under this paragraph to the county treasurer within thirty days  
16 after the notice of the penalty is mailed. The owner may appeal the penalty  
17 to the county board of supervisors within the time required for payment. If  
18 the owner proves to the board's satisfaction that the property is occupied by  
19 the owner, the board shall waive the penalty, and the property shall be  
20 listed as class three pursuant to section 42-12003 OR AS CLASS NINE PURSUANT  
21 TO SECTION 42-12009, SUBSECTION A, PARAGRAPH 6, AS APPLICABLE. Until paid or  
22 waived, the penalty constitutes a lien against the property. The county  
23 treasurer shall deposit all revenue received from penalties assessed under  
24 this paragraph in the county general fund.

25           C. Beginning in 2013 and during each elective term of office  
26 thereafter, the county assessor shall send notices under subsection B of this  
27 section to each owner of property classified as class three pursuant to  
28 section 42-12003 OR CLASS NINE PURSUANT TO SECTION 42-12009, SUBSECTION A,  
29 PARAGRAPH 6 described by any of the following:

30           1. The owner has a mailing address outside the county in which the  
31 property is located.

32           2. The owner has a mailing address, other than a post office box, that  
33 is different than the situs address of the property.

34           3. The owner has the same mailing address listed for more than one  
35 parcel of class three property, OR FOR CLASS THREE AND CLASS NINE PROPERTY,  
36 in this state.

37           4. The owner appears to be a business entity.

38           D. The department shall:

39           1. Prescribe all forms used to notify property owners under this  
40 section. The forms shall contain information as to criteria for the  
41 reclassification of property and the civil penalties that may result if the  
42 owner fails to respond to the notice.

43           2. Monitor and review the procedures and practices used by assessors  
44 and treasurers to accomplish the verification of ~~class three~~ property  
45 CLASSIFICATION and the assessment and collection of penalties prescribed by

1 this section and propose suggested improvements to establish uniform  
2 processes and performance among the counties.

3 E. The department may inspect the records of county assessors and  
4 county treasurers to determine compliance with the requirements of this  
5 section and the accuracy of the classification of owner-occupied residential  
6 property and rental property.

7 Sec. 5. Section 42-12053, Arizona Revised Statutes, is amended to  
8 read:

9 42-12053. Criteria for distinguishing primary residential  
10 property, secondary residential property and rental  
11 property

12 A. For the purpose of classifying residential property under sections  
13 42-12003, 42-12004 and 42-12052, a parcel is not considered a secondary  
14 property or rental property if the property is occupied by a member of the  
15 owner's family, who must be:

16 1. The owner's natural or adopted child or a descendant of the owner's  
17 child.

18 2. The owner's parent or an ancestor of the owner's parent.

19 3. The owner's stepchild or stepparent.

20 4. The owner's child-in-law or parent-in-law.

21 5. The owner's natural or adopted sibling.

22 B. For the purpose of classifying owner-occupied residential property  
23 under sections 42-12003, 42-12004 and 42-12052 AND SECTION 42-12009,  
24 SUBSECTION A, PARAGRAPH 6, the department shall adopt standard criteria for  
25 use in determining whether the property is considered to be the owner's or  
26 relative's primary residence, including:

27 1. The period of occupancy each year.

28 2. The owner's registered voting precinct.

29 3. The owner's driver license address.

30 4. The registration address of the owner's motor vehicles.

31 5. Other appropriate indicators of primary residency.

32 Sec. 6. Section 42-12054, Arizona Revised Statutes, is amended to  
33 read:

34 42-12054. Change in classification of owner-occupied residence

35 A. If a person purchases or converts property that is listed as class  
36 one PURSUANT TO SECTION 42-12001, paragraph 12 or 13, class two or class four  
37 pursuant to article 1 of this chapter and occupies the property as the  
38 person's primary residence, the person may have the classification reviewed  
39 for change to class three from the date of conversion and occupancy as a  
40 primary residence and may appeal from the decision resulting from the review  
41 in the same manner as provided by law for review of a valuation for ad  
42 valorem property taxes and appeal from that review.

43 B. If a person purchases or converts property that is listed as class  
44 one PURSUANT TO SECTION 42-12001, paragraph 12 or 13, class two or class four  
45 pursuant to article 1 of this chapter and the property is occupied by a

1 member of the owner's immediate family as described in section 42-12053, the  
 2 person may have the classification reviewed for change to class three from  
 3 the date of occupancy and may appeal the decision resulting from the review  
 4 in the same manner as provided by law for review of a valuation for ad  
 5 valorem property taxes and appeal from that review.

6 C. IF A VETERAN WITH A DISABILITY RATED AT ONE HUNDRED PERCENT  
 7 PURCHASES OR CONVERTS PROPERTY THAT IS LISTED AS CLASS ONE PURSUANT TO  
 8 SECTION 42-12001, PARAGRAPH 12 OR 13 OR AS CLASS TWO, CLASS THREE OR CLASS  
 9 FOUR PURSUANT TO ARTICLE 1 OF THIS CHAPTER AND OCCUPIES THE PROPERTY AS THE  
 10 VETERAN'S PRIMARY RESIDENCE, THE VETERAN MAY HAVE THE CLASSIFICATION REVIEWED  
 11 FOR CHANGE TO CLASS NINE PURSUANT TO SECTION 42-12009, SUBSECTION A,  
 12 PARAGRAPH 6 FROM THE DATE OF OCCUPANCY AND MAY APPEAL THE DECISION RESULTING  
 13 FROM THE REVIEW IN THE SAME MANNER AS PROVIDED BY LAW FOR REVIEW OF A  
 14 VALUATION FOR AD VALOREM PROPERTY TAXES AND APPEAL FROM THAT REVIEW.

15 ~~G.~~ D. If a person makes such a conversion or occupancy or appeals the  
 16 classification after the county assessor has closed the rolls, the person may  
 17 petition the county board of supervisors to change the classification and  
 18 reduce the assessed valuation from the date of conversion or occupancy.

19 ~~D.~~ E. The board of supervisors shall entertain the petition in the  
 20 same manner as a board of equalization hears a request for reduction in  
 21 valuation.

22 ~~E.~~ F. The petitioner may appeal the board of supervisors' decision in  
 23 the same manner as provided in section 42-16111, except that the petitioner  
 24 shall file the notice of appeal within fifteen days after the board's  
 25 finding.

26 ~~F.~~ G. If the board of supervisors finds that the property is in fact  
 27 being used for the owner's primary residence and should be listed as class  
 28 three property PURSUANT TO SECTION 42-12003 OR AS CLASS NINE PROPERTY  
 29 PURSUANT TO SECTION 42-12009, SUBSECTION A, PARAGRAPH 6, ~~it~~ THE BOARD shall  
 30 change the classification on the roll and fix the assessed valuation from the  
 31 date of occupancy. The amount of taxes that is assessed against the property  
 32 shall be computed by applying the current tax rate to the original assessed  
 33 valuation prorated for the portion of the tax year before the property was  
 34 CURRENTLY occupied plus the current tax rate applied to the reassessed value  
 35 of the property prorated for the balance of the year.

36 ~~G.~~ H. The board of supervisors shall notify the department, assessor  
 37 and county treasurer of the change in classification, the change in assessed  
 38 valuation and the amount of tax assessed. The department and the assessor  
 39 may appeal any such decision in the same manner as provided in section  
 40 42-16111. The assessor and treasurer shall note the change on their records,  
 41 and the treasurer may issue a future tax credit, endorsed by the board, to  
 42 the person whose property is liable for the tax. The tax credit shall be  
 43 used on the next or several succeeding property tax assessments that the  
 44 person may owe thereafter.



1           Sec. 8. Section 42-15102, Arizona Revised Statutes, is amended to  
2 read:

3           42-15102. Notice information entered by assessor

4           A. The assessor shall include in the assessment notice:

5           1. The full cash value found by the assessor for the property for the  
6 preceding valuation year.

7           2. The classification of the property pursuant to chapter 12 of this  
8 title.

9           3. The mailing date of the notice.

10           4. The last date on which the owner may file an appeal from the  
11 valuation or classification assigned to the property.

12           B. Except for property that is listed as class three property under  
13 section 42-12003, owner-occupied residential property that is listed as class  
14 four property under section 42-12004, subsection A, paragraph 1, ~~and~~ single  
15 family rented residential property that is listed as class four property  
16 under section 42-12004, subsection A, paragraph 2 **AND THE PRIMARY RESIDENCE  
17 OF A VETERAN WITH A DISABILITY THAT IS LISTED AS CLASS NINE PROPERTY UNDER  
18 SECTION 42-12009, SUBSECTION A, PARAGRAPH 6**, the notice shall separately list  
19 the full cash value of the land and the full cash value of the improvement or  
20 improvements associated with the land.

21           Sec. 9. Section 42-15103, Arizona Revised Statutes, is amended to  
22 read:

23           42-15103. Contents of notice form

24           The notice form shall:

25           1. Prominently display a statement for all residential properties:

26           (a) ~~Which~~ **THAT** defines class three properties as described in section  
27 42-12003.

28           (b) Informing property owners that if the property listed on the  
29 notice does not meet the ~~definition~~ **DESCRIPTION** provided pursuant to  
30 subdivision (a) of this ~~section~~ **PARAGRAPH**, the owner must notify the county  
31 assessor of the usage of the property or ~~they~~ **THE OWNER** may be subject to a  
32 civil penalty prescribed by section 42-12052.

33           **2. PROMINENTLY DISPLAY A STATEMENT FOR RESIDENTIAL PROPERTIES  
34 CLASSIFIED AS CLASS NINE PURSUANT TO SECTION 42-12009, SUBSECTION A,  
35 PARAGRAPH 6 LISTING THE REQUIREMENTS FOR CLASSIFICATION AND INFORMING THE  
36 PROPERTY OWNER THAT IF THE PROPERTY LISTED ON THE NOTICE AND THE OWNERSHIP DO  
37 NOT MEET THOSE REQUIREMENTS, THE OWNER MUST NOTIFY THE COUNTY ASSESSOR OF THE  
38 CURRENT USAGE OF THE PROPERTY OR THE OWNER MAY BE SUBJECT TO A CIVIL PENALTY  
39 PRESCRIBED BY SECTION 42-12052.**

40           ~~2-~~ **3.** Include simplified instructions on the procedure and deadlines  
41 for appealing the assessed valuation shown on the notice.

42           ~~3-~~ **4.** Prominently display a statement informing owners of property  
43 that is used for residential rental purposes that:

1           (a) The parcel must be listed on the notice as class four, and the  
2 owner must register the residential rental property with the county assessor  
3 pursuant to section 33-1902 or the owner may be subject to a penalty.

4           (b) If the owner is required to register the rental property with the  
5 county assessor and fails to do so after receipt of this notice, the city or  
6 town may impose a civil penalty payable to the city or town in the amount of  
7 one hundred fifty dollars per day for each day of violation, and the city or  
8 town may impose enhanced inspection and enforcement measures on the property.

9           (c) If the city or town in which the property is located requires the  
10 lessor to pay transaction privilege tax on residential rent, a notice of  
11 applicable requirements imposed by the city or town and that failure to pay  
12 the applicable tax could result in a penalty or fine by the city or town.

13           (d) Residential rental properties are required to comply with the  
14 landlord tenant law pursuant to title 33, chapters 10 and 11.