

House Engrossed Senate Bill

~~homestead exemption; equity increase~~
(now: ancillary use; international headquarters campus)

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SENATE BILL 1543

AN ACT

AMENDING TITLE 9, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, BY
ADDING SECTION 9-461.19; RELATING TO MUNICIPAL PLANNING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 9, chapter 4, article 6, Arizona Revised Statutes,
3 is amended by adding section 9-461.19, to read:

4 9-461.19. Municipal allowed ancillary use; multifamily
5 residential housing; hotel use; regulations;
6 applicability; definitions

7 A. NOTWITHSTANDING ANY OTHER LAW, A MUNICIPALITY WITH A POPULATION
8 OF TWO HUNDRED THOUSAND OR MORE PERSONS BUT NOT MORE THAN FIVE HUNDRED
9 THOUSAND PERSONS SHALL ALLOW HOTEL USE AND MULTIFAMILY RESIDENTIAL HOUSING
10 AS AN ALLOWED ANCILLARY USE ON LAND THAT IS VACANT AS OF THE DATE OF THE
11 BUILDING PERMIT APPLICATION FOR THE ALLOWED ANCILLARY USE IN A ZONING
12 DISTRICT THAT ALLOWS LIGHT INDUSTRIAL USE WITHOUT REQUIRING ANY TYPE OF
13 APPLICATION THAT WILL REQUIRE A PUBLIC HEARING IF THE ANCILLARY USE MEETS
14 BOTH OF THE FOLLOWING CRITERIA:

15 1. THE ANCILLARY USE IS LOCATED WITHIN AN INTERNATIONAL
16 HEADQUARTERS CAMPUS THAT IS SOLELY OWNED BY EITHER A SINGLE ENTITY OR
17 RELATED ENTITIES AT THE TIME THAT DEVELOPMENT OF THE INTERNATIONAL
18 HEADQUARTERS CAMPUS COMMENCES AND, ON COMPLETION, THE INTERNATIONAL
19 HEADQUARTERS ON THE INTERNATIONAL HEADQUARTERS CAMPUS WILL EMPLOY MORE
20 THAN ONE THOUSAND FULL-TIME EMPLOYEES AT AN AVERAGE ANNUAL COMPENSATION OF
21 MORE THAN ONE HUNDRED TWENTY-FIVE PERCENT OF THE MEDIAN WAGE OF THE COUNTY
22 WHERE THE INTERNATIONAL HEADQUARTERS CAMPUS IS LOCATED.

23 2. THE INTERNATIONAL HEADQUARTERS CAMPUS THAT CONTAINS THE
24 ANCILLARY USE IS BOUND BY A RECORDED INSTRUMENT THAT IS ENFORCEABLE BY THE
25 MUNICIPALITY AND THAT DOES BOTH OF THE FOLLOWING:

26 (a) RESTRICTS OCCUPANCY IN AT LEAST THIRTY PERCENT OF THE
27 MULTIFAMILY RESIDENTIAL HOUSING UNITS LOCATED ON THE INTERNATIONAL
28 HEADQUARTERS CAMPUS, WHICH MAY INCLUDE UNITS DESIGNATED PURSUANT TO
29 SUBSECTION I OF THIS SECTION AT THE DISCRETION OF THE DEVELOPER, TO
30 INDIVIDUALS WHO ARE EMPLOYED AT THE INTERNATIONAL HEADQUARTERS, OR WHO ARE
31 POLICE OFFICERS, FIREFIGHTERS, TEACHERS, VETERANS OR HEALTH CARE WORKERS
32 AND WHO WORK WITHIN FIVE MILES OF THE INTERNATIONAL HEADQUARTERS CAMPUS OR
33 WHO ARE THE FAMILIES OF INDIVIDUALS EMPLOYED AT THE INTERNATIONAL
34 HEADQUARTERS. THE RECORDED INSTRUMENT MUST ALSO PROVIDE THAT THE
35 MUNICIPALITY WHERE THE INTERNATIONAL HEADQUARTERS CAMPUS IS LOCATED, IN
36 THE MUNICIPALITY'S SOLE AND ABSOLUTE DISCRETION, MAY WAIVE THE OCCUPANCY
37 REQUIREMENT.

38 (b) PROHIBITS AN AGREEMENT FOR OCCUPANCY OF ANY MULTIFAMILY
39 RESIDENTIAL HOUSING UNIT WITHIN THE INTERNATIONAL HEADQUARTERS CAMPUS FOR
40 A PERIOD OF LESS THAN NINETY CONSECUTIVE DAYS AND LIMITS OCCUPANCY TO THE
41 SAME OCCUPANTS FOR THE ENTIRETY OF THE NINETY CONSECUTIVE DAYS UNLESS A
42 TENANT OF THE MULTIFAMILY RESIDENTIAL HOUSING UNIT IS AN EMPLOYEE OR
43 CONTRACTOR OF AN ENTITY LOCATED WITHIN THE INTERNATIONAL HEADQUARTERS
44 CAMPUS AND THAT EMPLOYEE OR CONTRACTOR PERFORMS JOB DUTIES AT THE
45 INTERNATIONAL HEADQUARTERS. THIS SUBDIVISION DOES NOT APPLY TO
46 MULTIFAMILY HOUSING DEVELOPMENTS THAT ARE PLATTED FOR INDIVIDUAL OWNERSHIP
47 OF UNITS.

1 B. AN ANCILLARY USE IS SUBJECT TO COMPLIANCE WITH GENERALLY
2 APPLICABLE MUNICIPAL BUILDING CODES AND FIRE CODES AND THE OBJECTIVE
3 DEVELOPMENT STANDARDS PURSUANT TO SUBSECTION E OF THIS SECTION.

4 C. THE GOVERNING BODY OF THE MUNICIPALITY MAY NOT UNREASONABLY
5 WITHHOLD A BUILDING PERMIT OR UNREASONABLY DELAY A BUILDING INSPECTION OR
6 A CERTIFICATE OF OCCUPANCY FOR AN ANCILLARY USE THAT COMPLIES WITH ONE OF
7 THE FOLLOWING:

8 1. FOR INTERNATIONAL HEADQUARTERS CAMPUSES THAT INCLUDE MULTIFAMILY
9 RESIDENTIAL HOUSING UNITS AS AN ANCILLARY USE PURSUANT TO THIS SECTION, A
10 MUNICIPALITY SHALL ALLOW A NUMBER OF MULTIFAMILY RESIDENTIAL UNITS WITHIN
11 THE INTERNATIONAL HEADQUARTERS CAMPUS THAT ARE EQUAL TO TWENTY-SEVEN UNITS
12 PER GROSS ACRE BASED ON THE TOTAL GROSS ACREAGE OF THE INTERNATIONAL
13 HEADQUARTERS CAMPUS.

14 2. FOR CAMPUSES THAT INCLUDE HOTEL USE AS AN ANCILLARY USE PURSUANT
15 TO THIS SECTION, A MUNICIPALITY SHALL ALLOW A NUMBER OF HOTEL ROOMS WITHIN
16 THE INTERNATIONAL HEADQUARTERS CAMPUS EQUAL TO TEN HOTEL ROOMS PER GROSS
17 ACRE BASED ON THE TOTAL GROSS ACREAGE OF THE INTERNATIONAL HEADQUARTERS
18 CAMPUS. AT LEAST TEN PERCENT OF THE HOTEL ROOMS WITHIN THE INTERNATIONAL
19 HEADQUARTERS CAMPUS SHALL BE ALLOWED AS FOR-SALE RESIDENTIAL UNITS WITHIN
20 THE HOTEL.

21 D. FOR CAMPUSES THAT INCLUDE HOTEL USE OR MULTIFAMILY RESIDENTIAL
22 HOUSING UNITS AS AN ANCILLARY USE PURSUANT TO THIS SECTION, A MUNICIPALITY
23 SHALL ALLOW COMPLEMENTARY RETAIL AND RESTAURANT USE WITHIN THE
24 INTERNATIONAL HEADQUARTERS CAMPUS.

25 E. THE FOLLOWING OBJECTIVE STANDARDS APPLY TO AN ANCILLARY USE
26 BUILDING DEVELOPED PURSUANT TO THIS SECTION:

27 1. A MUNICIPALITY MAY LIMIT THE HEIGHT OF THE ANCILLARY USE
28 BUILDING TO TWO STORIES IN AN INTERNATIONAL HEADQUARTERS CAMPUS SITE THAT
29 IS LOCATED DIRECTLY ADJACENT TO AND WITHIN ONE HUNDRED FEET OF AN AREA
30 THAT IS ZONED FOR SINGLE-FAMILY RESIDENTIAL USE.

31 2. EXCEPT PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION, A
32 MUNICIPALITY MAY NOT RESTRICT THE MAXIMUM HEIGHT OF THE ANCILLARY USE
33 BUILDING TO LESS THAN SIX STORIES, NOT INCLUDING MECHANICAL SCREENING OR
34 ROOFTOP APPURTENANCES.

35 3. ANY UTILITY PROVIDER THAT MAY PROVIDE UTILITY SERVICE TO THE
36 ANCILLARY USE DEVELOPMENT MAY REVIEW CONSTRUCTION DOCUMENTS TO REASONABLY
37 ENSURE ADEQUATE WATER AND SEWER CAPACITY IMPACTED BY THE PROPOSED
38 ANCILLARY USE DEVELOPMENT.

39 4. EXISTING MUNICIPAL ZONING ORDINANCES FOR SETBACK AND PARKING
40 REQUIREMENTS FOR THE PROPOSED ANCILLARY USE DEVELOPMENT APPLY.

41 F. A BUILDING PERMIT FOR AN ANCILLARY USE BUILDING DEVELOPED
42 PURSUANT TO THIS SECTION MAY NOT BE OBTAINED UNTIL THE MUNICIPALITY ISSUES
43 A BUILDING PERMIT FOR CONSTRUCTION OF THE INTERNATIONAL HEADQUARTERS
44 BUILDING. A CERTIFICATE OF OCCUPANCY MAY NOT BE GRANTED FOR AN ANCILLARY
45 USE BUILDING DEVELOPED PURSUANT TO THIS SECTION BEFORE THE MUNICIPALITY
46 GRANTS A CERTIFICATE OF OCCUPANCY FOR THE INTERNATIONAL HEADQUARTERS
47 BUILDING.

1 G. NOTWITHSTANDING SUBSECTION F OF THIS SECTION, IF SUBSTANTIAL
2 CONSTRUCTION OF THE INTERNATIONAL HEADQUARTERS BUILDING HAS COMMENCED, A
3 CERTIFICATE OF OCCUPANCY SHALL BE GRANTED FOR AN ANCILLARY USE BUILDING
4 DEVELOPED PURSUANT TO THIS SECTION BEFORE THE MUNICIPALITY GRANTS A
5 CERTIFICATE OF OCCUPANCY FOR THE INTERNATIONAL HEADQUARTERS BUILDING IF
6 THE STATE LAND DEPARTMENT HAS RECEIVED A BOND, A LETTER OF CREDIT OR ANY
7 OTHER SUFFICIENT FINANCIAL ASSURANCE THAT, IN THE REASONABLE DISCRETION OF
8 THE STATE LAND COMMISSIONER, PROVIDES FOR PAYMENT TO THE STATE LAND TRUST
9 OF AN AMOUNT EQUAL TO THE MARKET SALE VALUE OF THE LAND AND IMPROVEMENTS
10 CONTAINING THE ANCILLARY USE DEVELOPMENT, LESS DEVELOPMENT COSTS, IF THE
11 MUNICIPALITY DOES NOT GRANT A PERMANENT CERTIFICATE OF OCCUPANCY FOR THE
12 INTERNATIONAL HEADQUARTERS BUILDING WITHIN FIVE YEARS AFTER GRANTING THE
13 CERTIFICATE OF OCCUPANCY FOR THE ANCILLARY USE BUILDING.

14 H. A MUNICIPALITY SHALL CONSENT TO AMENDMENTS TO EXISTING
15 DEVELOPMENT AGREEMENTS TO WHICH THE MUNICIPALITY IS A SIGNATORY THAT ARE
16 REASONABLY NECESSARY TO ALLOW FOR THE DEVELOPMENT OF HOTEL USE OR
17 MULTIFAMILY RESIDENTIAL USE AS AN ANCILLARY USE PURSUANT TO THIS SECTION.

18 I. FOR TEN YEARS AFTER THE DEVELOPMENT OF AN ALLOWED ANCILLARY USE
19 DEVELOPMENT PURSUANT TO THIS SECTION, THE DEVELOPER SHALL DESIGNATE AT
20 LEAST FIVE PERCENT OF THE TOTAL FOR-RENT MULTIFAMILY RESIDENTIAL DWELLINGS
21 AS AFFORDABLE UNITS. AT THE DEVELOPER'S DISCRETION, THE UNITS SHALL BE
22 RESTRICTED PURSUANT TO SUBSECTION A, PARAGRAPH 2, SUBDIVISION (a) OF THIS
23 SECTION AS LOW-INCOME HOUSING OR MIDDLE-INCOME HOUSING, OR A MIXTURE OF
24 BOTH LOW-INCOME HOUSING AND MIDDLE-INCOME HOUSING AND MAY BE CONTAINED
25 WITHIN ONE BUILDING OR WITHIN MULTIPLE BUILDINGS.

26 J. THIS SECTION DOES NOT APPLY TO LAND IN THE TERRITORY IN THE
27 VICINITY OF A MILITARY AIRPORT OR ANCILLARY MILITARY FACILITY AS DEFINED
28 IN SECTION 28-8461.

29 K. FOR THE PURPOSES OF THIS SECTION:

30 1. "BUILDING CODE" HAS THE SAME MEANING PRESCRIBED IN SECTION
31 9-1301.

32 2. "INTERNATIONAL HEADQUARTERS" MEANS A PRINCIPAL CENTRAL
33 ADMINISTRATIVE OFFICE WHERE PRIMARY HEADQUARTERS-RELATED FUNCTIONS AND
34 SERVICES ARE PERFORMED, INCLUDING FINANCIAL, PERSONNEL, ADMINISTRATIVE,
35 LEGAL, HUMAN RESOURCES, INFORMATION TECHNOLOGY, PLANNING AND SIMILAR
36 BUSINESS FUNCTIONS, AND THAT DOES NOT REPORT TO ANY PARENT COMPANY OUTSIDE
37 OF THIS STATE.

38 3. "INTERNATIONAL HEADQUARTERS BUILDING" MEANS THE PRIMARY BUILDING
39 THAT CONTAINS THE INTERNATIONAL HEADQUARTERS ON THE INTERNATIONAL
40 HEADQUARTERS CAMPUS.

41 4. "INTERNATIONAL HEADQUARTERS CAMPUS" MEANS A CONTIGUOUS AREA OF
42 NOT LESS THAN FORTY GROSS ACRES, PORTIONS OF WHICH MAY BE SEPARATED BY
43 PUBLIC RIGHTS-OF-WAY, ON WHICH AN INTERNATIONAL HEADQUARTERS IS LOCATED
44 AND WHICH MAY INCLUDE ANCILLARY USE PURSUANT TO THIS SECTION.

45 5. "LIGHT INDUSTRIAL USE" INCLUDES LIGHT MANUFACTURING,
46 SEMICONDUCTOR PRODUCTION, LAW ENFORCEMENT SUPPORT, MILITARY RESEARCH AND
47 DEVELOPMENT AND AERONAUTICAL USE.

1 6. "LOW-INCOME HOUSING" MEANS HOUSING THAT IS FOR A PERSON OR
2 PERSONS WHOSE HOUSEHOLD INCOME DOES NOT EXCEED EIGHTY PERCENT OF THE AREA
3 MEDIAN INCOME.

4 7. "MIDDLE-INCOME HOUSING" MEANS HOUSING THAT IS FOR A PERSON OR
5 PERSONS WHOSE HOUSEHOLD INCOME DOES NOT EXCEED ONE HUNDRED TWENTY PERCENT
6 OF THE AREA MEDIAN INCOME.

7 8. "RELATED ENTITIES" MEANS ENTITIES THAT HAVE MORE THAN FIFTY
8 PERCENT DIRECT OR INDIRECT COMMON OWNERSHIP.

9 9. "ZONING DISTRICT" MEANS A ZONING DISTRICT, PLANNED COMMUNITY
10 DISTRICT, PLANNED AREA DEVELOPMENT OR PLANNED UNIT DEVELOPMENT.

11 Sec. 2. Severability

12 If a provision of this act or its application to any person or
13 circumstance is held invalid, the invalidity does not affect other
14 provisions or applications of the act that can be given effect without the
15 invalid provision or application, and to this end the provisions of this
16 act are severable.

17 Sec. 3. Legislative findings

18 The legislature finds:

19 1. That it is in the significant and legitimate public interest of
20 this state to encourage the location or relocation of corporate
21 headquarters to this state.

22 2. That the development of corporate international headquarters
23 campuses as defined in section 9-461.19, Arizona Revised Statutes, as
24 added by this act, that include primary commercial uses as well as
25 ancillary residential uses contribute greatly to the economic prosperity
26 and health of this state.

27 3. That it is necessary to adopt a uniform law governing
28 international headquarters campuses as defined in section 9-461.19,
29 Arizona Revised Statutes, as added by this act, to encourage the
30 development of corporate international headquarters campuses throughout
31 this state.