

State of Arizona  
House of Representatives  
Forty-ninth Legislature  
First Regular Session  
2009

# HOUSE BILL 2396

AN ACT

REPEALING TITLE 28, CHAPTER 22, ARIZONA REVISED STATUTES; AMENDING TITLE 28, ARIZONA REVISED STATUTES, BY ADDING A NEW CHAPTER 22; AMENDING SECTIONS 35-701, 42-5069 AND 42-6208, ARIZONA REVISED STATUTES; RELATING TO PUBLIC-PRIVATE PARTNERSHIPS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Repeal

3 Title 28, chapter 22, Arizona Revised Statutes, is repealed.

4 Sec. 2. Title 28, Arizona Revised Statutes, is amended by adding a new  
5 chapter 22, to read:

6 CHAPTER 22

7 PUBLIC-PRIVATE PARTNERSHIPS IN TRANSPORTATION

8 ARTICLE 1. GENERAL PROVISIONS

9 28-7701. Definitions

10 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

11 1. "CONCESSION" MEANS ANY LEASE, GROUND LEASE, FRANCHISE, EASEMENT,  
12 PERMIT OR OTHER BINDING AGREEMENT TRANSFERRING RIGHTS FOR THE USE OR CONTROL,  
13 IN WHOLE OR IN PART, OF AN ELIGIBLE FACILITY BY THE DEPARTMENT OR OTHER UNIT  
14 OF GOVERNMENT TO A PRIVATE PARTNER IN ACCORDANCE WITH THIS CHAPTER.

15 2. "ELIGIBLE FACILITY" MEANS ANY FACILITY DEVELOPED OR OPERATED AFTER  
16 THE EFFECTIVE DATE OF THIS CHAPTER IN ACCORDANCE WITH THIS CHAPTER, INCLUDING  
17 ANY ENHANCED, UPGRADED OR NEW FACILITY USED OR USEFUL FOR THE SAFE TRANSPORT  
18 OF PEOPLE OR GOODS VIA ONE OR MORE MODES OF TRANSPORT, WHETHER INVOLVING  
19 HIGHWAYS, RAILWAYS, MONORAILS, TRANSIT, BUS SYSTEMS, GUIDED RAPID TRANSIT,  
20 FIXED GUIDEWAYS, FERRIES, BOATS, VESSELS, INTERMODAL OR MULTIMODAL SYSTEMS OR  
21 ANY OTHER MODE OF TRANSPORT, AS WELL AS FACILITIES, STRUCTURES, PARKING, RAIL  
22 YARDS OR STORAGE FACILITIES, VEHICLES, ROLLING STOCK OR OTHER RELATED  
23 EQUIPMENT, ITEMS OR PROPERTY.

24 3. "PRIVATE PARTNER" MEANS A PERSON, ENTITY OR ORGANIZATION THAT IS  
25 NOT THE FEDERAL GOVERNMENT, THIS STATE, A POLITICAL SUBDIVISION OF THIS STATE  
26 OR A UNIT OF GOVERNMENT.

27 4. "UNIT OF GOVERNMENT" MEANS ANY AGENCY, OFFICE OR DEPARTMENT OF THIS  
28 STATE, CITY, COUNTY, DISTRICT, COMMISSION, AUTHORITY, ENTITY, PORT OR OTHER  
29 PUBLIC CORPORATION ORGANIZED AND EXISTING UNDER STATUTORY LAW OR UNDER A  
30 VOTER APPROVED CHARTER OR INITIATIVE, AND ANY INTERGOVERNMENTAL ENTITY.

31 28-7702. Rules and guidelines

32 THE DEPARTMENT SHALL ADOPT SUCH RULES OR GUIDELINES AS IT DETERMINES  
33 NECESSARY TO CARRY OUT THIS CHAPTER.

34 28-7703. Project delivery methods

35 THE DEPARTMENT SHALL PROVIDE FOR THE DEVELOPMENT OR OPERATION OF  
36 ELIGIBLE FACILITIES USING A VARIETY OF PROJECT DELIVERY METHODS AND FORMS OF  
37 AGREEMENT. THE METHODS MAY INCLUDE A WIDE RANGE OF POSSIBILITIES, INCLUDING:

- 38 1. PREDEVELOPMENT AGREEMENTS LEADING TO OTHER IMPLEMENTING AGREEMENTS.
- 39 2. A DESIGN-BUILD AGREEMENT.
- 40 3. A DESIGN-BUILD-MAINTAIN AGREEMENT.
- 41 4. A DESIGN-BUILD-FINANCE-OPERATE AGREEMENT.
- 42 5. A DESIGN-BUILD-OPERATE-MAINTAIN AGREEMENT.
- 43 6. A DESIGN-BUILD-FINANCE-OPERATE-MAINTAIN AGREEMENT.
- 44 7. A CONCESSION PROVIDING FOR THE PRIVATE PARTNER TO DESIGN, BUILD,  
45 OPERATE, MAINTAIN, MANAGE OR LEASE AN ELIGIBLE FACILITY.

1           8. ANY OTHER PROJECT DELIVERY METHOD OR AGREEMENT OR COMBINATION OF  
2 METHODS OR AGREEMENTS THAT THE DEPARTMENT DETERMINES WILL SERVE THE PUBLIC  
3 INTEREST.

4           28-7704. Procurements

5           A. THE DEPARTMENT:

6           1. MAY PROCURE SERVICES UNDER THIS CHAPTER USING ANY OF THE FOLLOWING:

7           (a) REQUESTS FOR PROJECT PROPOSALS IN WHICH THE DEPARTMENT DESCRIBES A  
8 CLASS OF TRANSPORTATION FACILITIES OR A GEOGRAPHIC AREA IN WHICH PRIVATE  
9 ENTITIES ARE INVITED TO SUBMIT PROPOSALS TO DEVELOP TRANSPORTATION  
10 FACILITIES.

11           (b) SOLICITATIONS USING REQUESTS FOR QUALIFICATIONS, SHORT-LISTING OF  
12 QUALIFIED PROPOSERS, REQUESTS FOR PROPOSALS, NEGOTIATIONS, BEST AND FINAL  
13 OFFERS OR OTHER PROCUREMENT PROCEDURES.

14           (c) PROCUREMENTS SEEKING FROM THE PRIVATE SECTOR DEVELOPMENT AND  
15 FINANCE PLANS MOST SUITABLE FOR THE PROJECT.

16           (d) BEST VALUE SELECTION PROCUREMENTS BASED ON PRICE OR FINANCIAL  
17 PROPOSALS, OR BOTH, OR OTHER FACTORS.

18           (e) OTHER PROCEDURES THAT THE DEPARTMENT DETERMINES MAY FURTHER THE  
19 IMPLEMENTATION OF THIS CHAPTER.

20           2. SHALL PROCURE SERVICES UNDER THIS CHAPTER USING UNSOLICITED  
21 PROPOSALS IF THE DEPARTMENT DETERMINES THAT THERE IS SUFFICIENT MERIT TO  
22 PURSUE ANY UNSOLICITED PROPOSAL AND A REASONABLE OPPORTUNITY FOR OTHER  
23 ENTITIES TO SUBMIT COMPETING PROPOSALS FOR CONSIDERATION AND A POSSIBLE  
24 CONTRACT AWARD AS APPROPRIATE.

25           B. FOR ANY PROCUREMENT IN WHICH THE DEPARTMENT ISSUES A REQUEST FOR  
26 QUALIFICATIONS, REQUEST FOR PROPOSALS OR SIMILAR SOLICITATION DOCUMENT, THE  
27 REQUEST SHALL GENERALLY SET FORTH THE FACTORS THAT WILL BE EVALUATED AND THE  
28 MANNER IN WHICH RESPONSES WILL BE EVALUATED.

29           C. IN EVALUATING PROPOSALS, THE DEPARTMENT MAY ACCORD SUCH RELATIVE  
30 WEIGHT TO FACTORS SUCH AS COST, FINANCIAL COMMITMENT, INNOVATIVE FINANCING,  
31 TECHNICAL, SCIENTIFIC, TECHNOLOGICAL OR SOCIOECONOMIC MERIT AND OTHER FACTORS  
32 AS THE DEPARTMENT DEEMS APPROPRIATE TO OBTAIN THE BEST VALUE FOR THIS STATE.

33           D. THE DEPARTMENT MAY PAY A STIPEND TO A PROPOSER BASED ON THE  
34 DEPARTMENT'S ESTIMATE, IN ITS SOLE DISCRETION, OF THE VALUE OF THE WORK  
35 PRODUCT RECEIVED, BUT ONLY IF THE DEPARTMENT HAS DETERMINED THAT THE PROPOSAL  
36 SUBMITTED WAS RESPONSIVE TO THE DEPARTMENT'S REQUEST FOR PROPOSALS AND MET  
37 ALL REQUIREMENTS ESTABLISHED BY THE DEPARTMENT FOR THE PROJECT. IN EXCHANGE  
38 FOR THE STIPEND, THE DEPARTMENT MAY REQUIRE THE RECIPIENT TO GRANT TO THE  
39 DEPARTMENT THE RIGHT TO USE ANY WORK PRODUCT CONTAINED IN THE RECIPIENT'S  
40 PROPOSAL, INCLUDING TECHNOLOGIES, TECHNIQUES, METHODS, PROCESSES AND  
41 INFORMATION CONTAINED IN THE RECIPIENT'S PROJECT DESIGN.

42           E. THE DEPARTMENT MAY CHARGE AND RETAIN AN ADMINISTRATIVE FEE FOR THE  
43 EVALUATION OF AN UNSOLICITED PROJECT PROPOSAL.

44           F. THE DEPARTMENT MAY PROCURE SERVICES, AWARD AGREEMENTS AND  
45 ADMINISTER REVENUES AS AUTHORIZED IN THIS SECTION NOTWITHSTANDING ANY

1 REQUIREMENTS OF ANY OTHER STATE OR LOCAL STATUTE, REGULATION OR LAW RELATING  
2 TO PUBLIC BIDDING OR OTHER PROCUREMENT PROCEDURES OR OTHER PROVISIONS  
3 OTHERWISE APPLICABLE TO PUBLIC WORKS, SERVICES OR UTILITIES.

4 G. THE DEPARTMENT MAY RETAIN FINANCIAL, LEGAL AND OTHER CONSULTANTS  
5 AND EXPERTS INSIDE OR OUTSIDE THE PUBLIC SECTOR TO ASSIST IN THE EVALUATION,  
6 NEGOTIATION AND DEVELOPMENT OF ELIGIBLE FACILITIES UNDER THIS CHAPTER WITH A  
7 MINIMUM OF FIVE YEARS EXPERIENCE WORKING IN THAT CAPACITY WITH PUBLIC-PRIVATE  
8 PARTNERSHIPS.

9 H. THE DEPARTMENT MAY SPEND MONIES THAT ARE REASONABLY NECESSARY FOR  
10 THE DEVELOPMENT OF PROCUREMENTS, EVALUATION OF CONCEPTS OR PROPOSALS,  
11 NEGOTIATION OF AGREEMENTS AND IMPLEMENTATION OF AGREEMENTS FOR DEVELOPMENT OR  
12 OPERATION OF ELIGIBLE FACILITIES UNDER THIS CHAPTER.

13 28-7705. Public-private partnership agreements

14 A. IN ANY PUBLIC-PRIVATE PARTNERSHIP OR OTHER AGREEMENT FOR ANY  
15 ELIGIBLE FACILITY UNDER THIS CHAPTER, THE DEPARTMENT MAY INCLUDE PROVISIONS  
16 THAT:

17 1. AUTHORIZE THE PRIVATE PARTNER TO COLLECT USER FEES, TOLLS, FARES OR  
18 SIMILAR CHARGES, INCLUDING PROVISIONS THAT:

19 (a) SPECIFY TECHNOLOGY TO BE USED IN THE FACILITY.

20 (b) ESTABLISH CIRCUMSTANCES UNDER WHICH THE DEPARTMENT MAY RECEIVE A  
21 SHARE OF REVENUES FROM SUCH CHARGES.

22 (c) GOVERN ENFORCEMENT OF TOLLS, INCLUDING PROVISIONS FOR USE OF  
23 CAMERAS OR OTHER MECHANISMS TO ENSURE THAT USERS HAVE PAID TOLLS THAT ARE DUE  
24 AND PROVISIONS THAT ALLOW THE PRIVATE PARTNER ACCESS TO RELEVANT DATABASES  
25 FOR ENFORCEMENT PURPOSES. MISUSE OF THE DATA CONTAINED IN THE DATABASES,  
26 INCLUDING NEGLIGENCE IN SECURING THE DATA PROPERLY, SHALL RESULT IN A CIVIL  
27 PENALTY OF TEN THOUSAND DOLLARS FOR EACH VIOLATION. CIVIL PENALTIES  
28 COLLECTED PURSUANT TO THIS SUBDIVISION SHALL BE DEPOSITED IN THE STATE  
29 GENERAL FUND.

30 2. ALLOW FOR PAYMENTS TO BE MADE BY THIS STATE TO THE PRIVATE PARTNER,  
31 INCLUDING AVAILABILITY PAYMENTS OR PERFORMANCE BASED PAYMENTS.

32 3. ALLOW THE DEPARTMENT TO ACCEPT PAYMENTS OF MONIES AND SHARE  
33 REVENUES WITH THE PRIVATE PARTNER.

34 4. ADDRESS HOW THE PARTNERS WILL SHARE MANAGEMENT OF THE RISKS OF THE  
35 PROJECT.

36 5. SPECIFY HOW THE PARTNERS WILL SHARE THE COSTS OF DEVELOPMENT OF THE  
37 PROJECT.

38 6. ALLOCATE FINANCIAL RESPONSIBILITY FOR COST OVERRUNS.

39 7. ESTABLISH THE DAMAGES TO BE ASSESSED FOR NONPERFORMANCE.

40 8. ESTABLISH PERFORMANCE CRITERIA OR INCENTIVES, OR BOTH.

41 9. ADDRESS THE ACQUISITION OF RIGHTS-OF-WAY AND OTHER PROPERTY  
42 INTERESTS THAT MAY BE REQUIRED, INCLUDING PROVISIONS THAT ADDRESS THE  
43 EXERCISE OF EMINENT DOMAIN AS PROVIDED IN SECTION 28-7709. THIS STATE SHALL  
44 NOT RELINQUISH ITS POWER OF EMINENT DOMAIN AUTHORITY TO THE PRIVATE PARTNER.

- 1           10. ESTABLISH RECORD KEEPING, ACCOUNTING AND AUDITING STANDARDS TO BE  
2 USED FOR THE PROJECT.
- 3           11. FOR A PROJECT THAT REVERTS TO PUBLIC OWNERSHIP, ADDRESS  
4 RESPONSIBILITY FOR RECONSTRUCTION OR RENOVATIONS THAT ARE REQUIRED IN ORDER  
5 FOR A FACILITY TO MEET ALL APPLICABLE GOVERNMENT STANDARDS ON REVERSION OF  
6 THE FACILITY TO THIS STATE.
- 7           12. PROVIDE FOR PATROLLING AND LAW ENFORCEMENT ON PUBLIC FACILITIES.
- 8           13. IDENTIFY ANY DEPARTMENT SPECIFICATIONS THAT MUST BE SATISFIED,  
9 INCLUDING PROVISIONS ALLOWING THE PRIVATE PARTNER TO REQUEST AND RECEIVE  
10 AUTHORIZATION TO DEVIATE FROM THE SPECIFICATIONS ON MAKING A SHOWING  
11 SATISFACTORY TO THE DEPARTMENT.
- 12           14. REQUIRE A PRIVATE PARTNER TO PROVIDE PERFORMANCE AND PAYMENT BONDS,  
13 PARENT COMPANY GUARANTEES, LETTERS OF CREDIT OR OTHER ACCEPTABLE FORM OF  
14 SECURITY OR A COMBINATION OF ANY OF THESE, THE PENAL SUM OR AMOUNT OF WHICH  
15 MAY BE LESS THAN ONE HUNDRED PER CENT OF THE VALUE OF THE CONTRACT INVOLVED  
16 BASED ON THE DEPARTMENT'S DETERMINATION, MADE ON A FACILITY-BY-FACILITY  
17 BASIS, OF WHAT IS REQUIRED TO ADEQUATELY PROTECT THIS STATE.
- 18           15. AUTHORIZE THE PRIVATE PARTNER IN ANY CONCESSION AGREEMENT TO  
19 COLLECT USER FEES, TOLLS, FARES OR SIMILAR CHARGES TO COVER ITS COSTS AND  
20 PROVIDE FOR A REASONABLE RATE OF RETURN ON THE PRIVATE PARTNER'S INVESTMENT,  
21 INCLUDING PROVISIONS SUCH AS THE FOLLOWING:
- 22           (a) THE CHARGES MAY BE COLLECTED DIRECTLY BY THE PRIVATE PARTNER OR BY  
23 A THIRD PARTY ENGAGED FOR THAT PURPOSE.
- 24           (b) A FORMULA FOR THE ADJUSTMENT OF USER FEES, TOLLS, FARES OR SIMILAR  
25 CHARGES DURING THE TERM OF THE AGREEMENT.
- 26           (c) FOR AN AGREEMENT THAT DOES NOT INCLUDE A FORMULA DESCRIBED IN  
27 SUBDIVISION (b) OF THIS PARAGRAPH, PROVISIONS REGULATING THE PRIVATE  
28 PARTNER'S RETURN ON INVESTMENT.
- 29           (d) A VARIETY OF TRAFFIC MANAGEMENT STRATEGIES, INCLUDING:
- 30           (i) GENERAL PURPOSE TOLL LANES.
- 31           (ii) HIGH OCCUPANCY VEHICLE LANES WHERE SINGLE OR LOW OCCUPANCY  
32 VEHICLES MAY USE HIGHER OCCUPANCY VEHICLE LANES BY PAYING A TOLL.
- 33           (iii) LANES OR FACILITIES IN WHICH THE TOLLS MAY VARY DURING THE  
34 COURSE OF THE DAY OR WEEK OR ACCORDING TO LEVELS OF CONGESTION ANTICIPATED OR  
35 EXPERIENCED.
- 36           (iv) COMBINATIONS OF, OR VARIATIONS ON, ITEMS (i), (ii) AND (iii),  
37 OR OTHER STRATEGIES THE DEPARTMENT DETERMINES ARE APPROPRIATE ON A  
38 FACILITY-BY-FACILITY BASIS.
- 39           16. SPECIFY REMEDIES AVAILABLE AND DISPUTE RESOLUTION PROCEDURES,  
40 INCLUDING THE RIGHT OF THE PRIVATE PARTNER TO INSTITUTE LEGAL PROCEEDINGS TO  
41 OBTAIN AN ENFORCEABLE JUDGMENT OR AWARD AGAINST THE DEPARTMENT IN THE EVENT  
42 OF A DEFAULT BY THE DEPARTMENT AND PROCEDURES FOR USE OF DISPUTE REVIEW  
43 BOARDS, MEDIATION, FACILITATED NEGOTIATION, ARBITRATION AND OTHER ALTERNATIVE  
44 DISPUTE RESOLUTION PROCEDURES.

1 B. NOTWITHSTANDING ANY OTHER LAW, THE DEPARTMENT MAY ENTER INTO  
2 AGREEMENTS, WHETHER A CONCESSION AGREEMENT OR OTHER FORM OF AGREEMENT, WITH  
3 ANY PRIVATE PARTNER THAT INCLUDES PROVISIONS DESCRIBED IN SUBSECTION A OF  
4 THIS SECTION. AGREEMENTS MAY BE FOR A TERM NOT TO EXCEED FIFTY YEARS BUT MAY  
5 BE EXTENDED FOR ADDITIONAL TERMS.

6 C. THE DEPARTMENT MAY APPROVE ANY REQUEST FROM ANOTHER UNIT OF  
7 GOVERNMENT TO DEVELOP AN ELIGIBLE FACILITY IN A MANNER SIMILAR TO THAT USED  
8 BY THE DEPARTMENT UNDER THIS CHAPTER.

9 D. NOTWITHSTANDING ANY OTHER LAW, AGREEMENTS UNDER THIS CHAPTER THAT  
10 ARE PROPERLY DEVELOPED, OPERATED OR HELD BY A PRIVATE PARTNER UNDER A  
11 CONCESSION AGREEMENT PURSUANT TO THIS CHAPTER ARE EXEMPT FROM ALL STATE AND  
12 LOCAL AD VALOREM AND PROPERTY TAXES THAT OTHERWISE MIGHT BE APPLICABLE.

13 E. A PERSON WHO PAYS A TOLL TO OPERATE A MOTOR VEHICLE ON A ROADWAY  
14 PROJECT THAT IS CONSTRUCTED OR OPERATED PURSUANT TO THIS ARTICLE IS ENTITLED  
15 TO AND MAY APPLY FOR A REFUND OR CREDIT FROM THE STATE FOR MOTOR VEHICLE FUEL  
16 LICENSE TAXES, USE FUEL TAXES OR MOTOR CARRIER FEES PAID WHILE OPERATING THE  
17 MOTOR VEHICLE ON THE ROADWAY PROJECT. THE DIRECTOR SHALL ESTABLISH BY RULE  
18 THE PROCEDURES FOR GRANTING REFUNDS AND CREDITS.

19 F. THE AGREEMENT SHALL CONTAIN A PROVISION BY WHICH THE PRIVATE  
20 PARTNER EXPRESSLY AGREES THAT IT IS TO BE BARRED FROM SEEKING INJUNCTIVE OR  
21 OTHER EQUITABLE RELIEF TO DELAY, PREVENT OR OTHERWISE HINDER THE DEPARTMENT  
22 FROM DEVELOPING OR CONSTRUCTING ANY FACILITY THAT WAS PLANNED AS OF THE TIME  
23 THE PUBLIC-PRIVATE PARTNERSHIP AGREEMENT WAS EXECUTED AND THAT WOULD OR MIGHT  
24 IMPACT THE REVENUE THAT THE PRIVATE PARTNER WOULD OR MIGHT DERIVE FROM THE  
25 FACILITY DEVELOPED UNDER THE AGREEMENT, EXCEPT THAT THE AGREEMENT MAY PROVIDE  
26 FOR REASONABLE COMPENSATION TO THE PRIVATE PARTNER FOR THE ADVERSE EFFECT ON  
27 TOLL REVENUES OR OTHER USER FEE REVENUES RESULTING FROM DEVELOPMENT AND  
28 CONSTRUCTION OF AN UNPLANNED REVENUE IMPACTING FACILITY.

29 G. THE AGREEMENT SHALL CONTAIN A PROVISION THAT PROHIBITS PHOTO  
30 TRAFFIC ENFORCEMENT OF CHAPTER 3, ARTICLE 6 OF THIS TITLE ON TOLL LANES.

31 H. ANY FOREIGN PRIVATE ENTITY THAT ENTERS INTO AN AGREEMENT WITH THE  
32 DEPARTMENT PURSUANT TO THIS SECTION MUST PROVIDE SATISFACTORY EVIDENCE TO THE  
33 BOARD THAT THE FOREIGN ENTITY IS IN COMPLIANCE WITH THE REQUIREMENTS OF TITLE  
34 10, CHAPTER 38.

35 I. THE AGREEMENT SHALL CONTAIN A PROVISION THAT ALL PUBLIC-PRIVATE  
36 PARTNERSHIPS ARE SUBJECT TO CHAPTER 20, ARTICLE 3 OF THIS TITLE.

37 28-7706. Funding and financing

38 A. ANY LAWFUL SOURCE OF FUNDING MAY BE USED FOR THE DEVELOPMENT OR  
39 OPERATION OF AN ELIGIBLE FACILITY UNDER THIS CHAPTER, INCLUDING:

40 1. THE PROCEEDS OF GRANT ANTICIPATION REVENUE BONDS AUTHORIZED BY 23  
41 UNITED STATES CODE SECTION 122 OR ANY OTHER APPLICABLE FEDERAL OR STATE LAW.

42 2. GRANTS, LOANS, LOAN GUARANTEES, LINES OF CREDIT, REVOLVING LINES OF  
43 CREDIT OR OTHER ARRANGEMENTS AVAILABLE UNDER THE TRANSPORTATION  
44 INFRASTRUCTURE FINANCE AND INNOVATION ACT OF 1998 (P.L. 105-178; 112 STAT.

1 241; 23 UNITED STATES CODE SECTIONS 601 THROUGH 610) OR ANY OTHER FEDERAL OR  
2 STATE LAW.

3 3. FEDERAL, STATE OR LOCAL REVENUES.

4 4. USER FEES, TOLLS, FARES, CHARGES, LEASE PROCEEDS, RENTS,  
5 AVAILABILITY PAYMENTS, GROSS OR NET RECEIPTS FROM SALES, PROCEEDS FROM THE  
6 SALE OF DEVELOPMENT RIGHTS, FRANCHISE FEES, PERMIT FEES OR ANY OTHER LAWFUL  
7 FORM OF CONSIDERATION.

8 5. PRIVATE ACTIVITY BONDS AS DESCRIBED BY 26 UNITED STATES CODE  
9 SECTION 141 AND OTHER FORMS OF PRIVATE CAPITAL.

10 6. OTHER FORMS OF PUBLIC AND PRIVATE CAPITAL THAT ARE AVAILABLE.

11 B. AS SECURITY FOR THE PAYMENT OF FINANCING DESCRIBED IN THIS SECTION,  
12 THE REVENUES FROM THE PROJECT MAY BE PLEDGED, BUT NO PLEDGE OF REVENUES  
13 CONSTITUTES IN ANY MANNER OR TO ANY EXTENT A GENERAL OBLIGATION OF THIS  
14 STATE. ANY FINANCING MAY BE STRUCTURED ON A SENIOR, PARITY OR SUBORDINATE  
15 BASIS TO ANY OTHER FINANCING.

16 C. THE DEPARTMENT MAY ISSUE TOLL REVENUE BONDS OR NOTES TO PROVIDE  
17 MONIES FOR ANY PROJECT UNDER THIS CHAPTER.

18 D. THE DEPARTMENT MAY ACCEPT FROM THE UNITED STATES OR ANY OF ITS  
19 AGENCIES MONIES THAT ARE AVAILABLE TO THIS STATE OR TO ANY OTHER UNIT OF  
20 GOVERNMENT FOR CARRYING OUT THE PURPOSES OF THIS CHAPTER, WHETHER THE MONIES  
21 ARE MADE AVAILABLE BY GRANT, LOAN OR OTHER FINANCING ARRANGEMENT. THE  
22 DEPARTMENT MAY ENTER INTO AGREEMENTS AND OTHER ARRANGEMENTS WITH THE UNITED  
23 STATES OR ANY OF ITS AGENCIES AS MAY BE NECESSARY, PROPER AND CONVENIENT FOR  
24 CARRYING OUT THIS CHAPTER.

25 E. THE DEPARTMENT MAY ACCEPT FROM ANY SOURCE ANY GRANT, DONATION, GIFT  
26 OR OTHER FORM OF CONVEYANCE OF LAND, MONEY, OTHER REAL OR PERSONAL PROPERTY  
27 OR OTHER VALUABLE THING MADE TO THIS STATE, THE DEPARTMENT OR A LOCAL  
28 GOVERNMENT FOR CARRYING OUT THIS CHAPTER.

29 F. ANY ELIGIBLE FACILITY MAY BE FUNDED IN WHOLE OR IN PART BY  
30 CONTRIBUTION OF ANY MONIES OR PROPERTY MADE BY ANY PRIVATE ENTITY OR PUBLIC  
31 SECTOR PARTNER THAT IS A PARTY TO ANY AGREEMENT ENTERED INTO UNDER THIS  
32 CHAPTER.

33 G. NOTWITHSTANDING ANY OTHER LAW, FEDERAL, STATE AND LOCAL MONIES MAY  
34 BE COMBINED WITH ANY PRIVATE SECTOR MONIES FOR ANY PROJECT PURPOSES.

35 H. REVENUE BONDS ISSUED PURSUANT TO THIS SECTION ARE NOT GENERAL  
36 OBLIGATIONS OF THIS STATE AND ARE NOT SECURED BY OR PAYABLE FROM ANY MONIES  
37 OR ASSETS OF THIS STATE OTHER THAN THE MONIES AND REVENUES SPECIFICALLY  
38 PLEDGED TO THE REPAYMENT OF THE REVENUE BONDS.

39 28-7707. Confidentiality and public disclosure

40 A. A PROPOSER SHALL IDENTIFY THOSE PORTIONS OF A PROPOSAL OR OTHER  
41 SUBMISSION THAT THE PROPOSER CONSIDERS TO BE TRADE SECRETS OR CONFIDENTIAL  
42 COMMERCIAL, FINANCIAL OR PROPRIETARY INFORMATION. IN ORDER FOR CONFIDENTIAL  
43 AND PROPRIETARY INFORMATION AND TRADE SECRETS TO BE EXEMPT FROM DISCLOSURE,  
44 THE PRIVATE ENTITY MUST DO ALL OF THE FOLLOWING:

1           1. INVOKE EXCLUSION ON SUBMISSION OF THE INFORMATION OR OTHER  
2 MATERIALS FOR WHICH PROTECTION IS SOUGHT.

3           2. IDENTIFY THE DATA OR OTHER MATERIALS FOR WHICH PROTECTION IS SOUGHT  
4 WITH CONSPICUOUS LABELING.

5           3. STATE THE REASONS WHY PROTECTION IS NECESSARY.

6           4. FULLY COMPLY WITH ANY APPLICABLE STATE LAW WITH RESPECT TO  
7 INFORMATION THAT THE PROPOSER CONTENDS SHOULD BE EXEMPT FROM DISCLOSURE.

8           B. EACH REQUEST FOR PROPOSALS ISSUED PURSUANT TO THIS CHAPTER SHALL  
9 REQUIRE EACH PROPOSER TO INCLUDE WITH ITS PROPOSAL AN EXECUTIVE SUMMARY  
10 COVERING THE MAJOR ELEMENTS OF ITS PROPOSAL THAT DO NOT ADDRESS THE  
11 PROPOSER'S PRICE, FINANCING PLAN OR OTHER CONFIDENTIAL OR PROPRIETARY  
12 INFORMATION OR TRADE SECRETS THAT THE PROPOSER INTENDS TO BE EXEMPT FROM  
13 DISCLOSURE. THE EXECUTIVE SUMMARY SHALL BE SUBJECT TO RELEASE AND DISCLOSURE  
14 TO THE PUBLIC AT ANY TIME. NOTWITHSTANDING ANY OTHER LAW, IN ORDER TO  
15 MAXIMIZE COMPETITION UNDER THIS CHAPTER, NO PART OF A PROPOSAL OTHER THAN THE  
16 EXECUTIVE SUMMARY SHALL BE SUBJECT TO RELEASE OR DISCLOSURE BY THE DEPARTMENT  
17 BEFORE AN AWARD OF THE PUBLIC-PRIVATE PARTNERSHIP CONTRACT AND THE CONCLUSION  
18 OF ANY PROTEST OR OTHER CHALLENGE TO THE AWARD, ABSENT AN ADMINISTRATIVE OR  
19 JUDICIAL ORDER REQUIRING RELEASE OR DISCLOSURE. AFTER THE AWARD OF THE  
20 CONTRACT AND THE CONCLUSION OF ANY PROTEST OR OTHER CHALLENGE TO THE AWARD,  
21 TITLE 39 APPLIES TO ANY RELEASE OF ANY PART OF THE PROPOSAL.

22           28-7708. Government agreements

23           EITHER SEPARATELY OR IN COMBINATION WITH ANY OTHER PUBLIC SECTOR  
24 PARTNER, THIS STATE MAY ENTER INTO WORKING AGREEMENTS, COORDINATION  
25 AGREEMENTS OR SIMILAR IMPLEMENTATION AGREEMENTS.

26           28-7709. Eminent domain

27           THIS STATE MAY EXERCISE THE POWER OF EMINENT DOMAIN TO ACQUIRE  
28 PROPERTY, RIGHTS-OF-WAY OR OTHER RIGHTS IN PROPERTY FOR PROJECTS THAT ARE  
29 NECESSARY TO DEVELOP, OPERATE OR HOLD AN ELIGIBLE FACILITY UNDER THIS  
30 CHAPTER, REGARDLESS OF WHETHER THE PROPERTY WILL BE OWNED IN FEE SIMPLE BY  
31 THIS STATE OR WHETHER THE PROPERTY WILL BE LEASED TO THE PRIVATE PARTNER TO  
32 USE, LEASE OR OPERATE FOR ITS BUSINESS PURPOSES IN CONNECTION WITH THE  
33 PUBLIC-PRIVATE PARTNERSHIP PROJECT.

34           28-7710. Federal laws and severability

35           A. IF NO FEDERAL MONIES ARE USED ON AN ELIGIBLE FACILITY, THE LAWS OF  
36 THIS STATE, INCLUDING THIS CHAPTER, GOVERN. NOTWITHSTANDING ANY OTHER  
37 PROVISION OF THIS CHAPTER, IF FEDERAL MONIES ARE USED ON AN ELIGIBLE FACILITY  
38 AND APPLICABLE FEDERAL LAWS CONFLICT WITH THIS CHAPTER OR REQUIRE PROVISIONS  
39 OR PROCEDURES INCONSISTENT WITH THIS CHAPTER, THE APPLICABLE FEDERAL LAWS  
40 GOVERN.

41           B. IF ANY PROVISION OF THIS CHAPTER OR ITS APPLICATION TO ANY PERSON  
42 OR CIRCUMSTANCE IS HELD INVALID, THE REMAINDER OF THE CHAPTER OR THE  
43 APPLICATION OF THE PROVISION TO OTHER PERSONS OR CIRCUMSTANCES IS NOT  
44 AFFECTED.

1           Sec. 3. Section 35-701, Arizona Revised Statutes, is amended to read:  
2           35-701. Definitions

3           In this chapter, unless the context otherwise requires:

4           1. "Corporation" means any corporation organized as an authority as  
5 provided in this chapter.

6           2. "Designated area" means any area of this state which is either  
7 designated pursuant to section 36-1479 as a slum or blighted area as defined  
8 in section 36-1471, designated by regulation as a pocket of poverty or a  
9 neighborhood strategy area by the United States department of housing and  
10 urban development pursuant to title I of the housing and community  
11 development act of 1977 (P.L. 95-128; 42 United States Code sections 5301  
12 through 5320), as amended, and the department of housing and urban  
13 development act (P.L. 89-174; 42 United States Code section 3535(d)) or  
14 designated by the United States department of housing and urban development  
15 as an empowerment or enterprise zone pursuant to the federal omnibus budget  
16 reconciliation act of 1993 (P.L. 103-66; 26 United States Code section  
17 1391(g)) or an area certified as an enterprise zone pursuant to section  
18 41-1524, subsection B.

19           3. "Governing body" means:

20           (a) The board or body in which the general legislative powers of the  
21 municipality or the county are vested.

22           (b) The Arizona board of regents with respect to a corporation formed  
23 with the permission of the Arizona board of regents.

24           4. "Income" means gross earnings from wages, salary, commissions,  
25 bonuses or tips from all jobs, net earnings from such person's or family's  
26 own nonfarm business, professional practice or partnership, and net earnings  
27 from such person's or family's own farm. Income includes income, other than  
28 earnings, that consists of amounts received from social security or railroad  
29 retirement, interest, dividends, veterans payments, pensions and other  
30 regular payments, public assistance or welfare payments, including aid for  
31 dependent children, old age assistance, general assistance and aid to the  
32 blind or totally disabled, but excluding separate payments for hospital or  
33 other medical care.

34           5. "Manufactured house" means a structure that is manufactured in a  
35 factory after June 15, 1976, that is delivered to a homesite in more than one  
36 section and that is placed on a permanent foundation. The dimensions of the  
37 completed house shall not be less than twenty feet by forty feet, the roof  
38 must be sloping, the siding and roofing must be the same as those found in  
39 site-built houses and the house must be eligible for thirty year real estate  
40 mortgage financing.

41           6. "Municipality" or "county" means the Arizona board of regents or  
42 any incorporated city or town, including charter cities, or any county in  
43 this state in which a corporation may be organized and in which it is  
44 contemplated the corporation will function.

1           7. "Persons of low and moderate income" means, for the purposes of  
2 financing owner-occupied single family dwelling units in areas which the  
3 municipality has found, pursuant to section 36-1479, to be slum or blighted  
4 areas, as defined in section 36-1471, persons and families whose income does  
5 not exceed two and one-half times the median family income of this state. In  
6 all other areas it means persons and families whose income does not exceed  
7 one and one-half times the median family income of this state.

8           8. "Project" means any land, any building or any other improvement and  
9 all real and personal properties, including machinery and equipment whether  
10 or not now in existence or under construction and whether located within or  
11 without this state or the municipality or county approving the formation of  
12 the corporation, that are suitable for any of the following:

13           (a) With respect to a corporation formed with the permission of a  
14 municipality or county other than the Arizona board of regents:

15           (i) Any enterprise for the manufacturing, processing or assembling of  
16 any agricultural or manufactured products.

17           (ii) Any commercial enterprise for the storing, warehousing,  
18 distributing or selling of products of agriculture, mining or industry, or of  
19 processes related thereto, including research and development.

20           (iii) Any office building or buildings for use as corporate or company  
21 headquarters or regional offices or the adaptive use for offices of any  
22 building within this state that is on the national register of historic  
23 places or rehabilitation of residential buildings located in registered  
24 historic neighborhoods.

25           (iv) A health care institution as defined in section 36-401.

26           (v) Residential real property for dwelling units located within the  
27 municipality or county approving the formation of the corporation and, in the  
28 case of a county, whether or not also within a municipality that is within  
29 the county.

30           (vi) Repairing or rehabilitating single family dwelling units or  
31 constructing or repairing residential fences and walls.

32           (vii) Convention or trade show facilities.

33           (viii) Airports, docks, wharves, mass commuting facilities, parking  
34 facilities or storage or training facilities directly related to any of the  
35 facilities as provided in this item.

36           (ix) Sewage or solid waste disposal facilities or facilities for the  
37 furnishing of electric energy, gas or water.

38           (x) Industrial park facilities.

39           (xi) Air or water pollution control facilities.

40           (xii) Any educational institution that is operated by a nonprofit  
41 educational organization that is exempt from taxation under section 501(c)(3)  
42 of the United States internal revenue code and that is not otherwise funded  
43 by state monies, any educational institution or organization that is  
44 established under title 15, chapter 1, article 8 and that is owned by a  
45 nonprofit organization, any private nonsectarian school or any private

1 nonsectarian organization established for the purpose of funding a joint  
2 technological education school district.

3 (xiii) Research and development facilities.

4 (xiv) Commercial enterprises, including facilities for office,  
5 recreational, hotel, motel and service uses if the facilities authorized by  
6 this item are to be located in a designated area.

7 (xv) A child welfare agency, as defined in section 8-501, owned and  
8 operated by a nonprofit organization.

9 (xvi) A transportation facility constructed or operated pursuant to  
10 title 28, chapter 22, ~~article 1 or 2~~.

11 (xvii) A museum operated by a nonprofit organization.

12 (xviii) Facilities owned or operated by a nonprofit organization  
13 described in section 501(c) of the United States internal revenue code of  
14 1986.

15 (xix) New or existing correctional facilities within this state.

16 (b) With respect to a corporation formed with the permission of the  
17 Arizona board of regents, any facility consisting of classrooms, lecture  
18 halls or conference centers or any facility for research and development or  
19 for manufacturing, processing, assembling, marketing, storing and  
20 transferring items developed through or connected with research and  
21 development or in which the results of such research and development are  
22 utilized, but only if the facility is located in an area designated as a  
23 research park by the Arizona board of regents.

24 9. "Property" means any land, improvements thereon, buildings and any  
25 improvements thereto, machinery and equipment of any and all kinds necessary  
26 to a project and any other personal properties deemed necessary in connection  
27 with a project.

28 10. "Research park" means an area of land that has been designated by  
29 the Arizona board of regents as a research park for a university and that, at  
30 the date of designation, is owned by this state or by the Arizona board of  
31 regents.

32 11. "Single family dwelling unit" includes any new, used or  
33 manufactured house that meets the insuring requirements of the federal  
34 housing administration, the veterans administration or any other insuring  
35 entity of the United States government or any private mortgage insurance or  
36 surety company that is approved by the federal home loan mortgage corporation  
37 or the federal national mortgage association.

38 Sec. 4. Section 42-5069, Arizona Revised Statutes, is amended to read:  
39 42-5069. Commercial lease classification; definitions

40 A. The commercial lease classification is comprised of the business of  
41 leasing for a consideration the use or occupancy of real property.

42 B. A person who, as a lessor, leases or rents for a consideration  
43 under one or more leases or rental agreements the use or occupancy of real  
44 property that is used by the lessee for commercial purposes is deemed to be  
45 engaged in business and subject to the tax imposed by article 1 of this

1 chapter, but this subsection does not include leases or rentals of real  
2 property used for residential or agricultural purposes.

3 C. The commercial lease classification does not include:

4 1. Any business activities that are classified under the transient  
5 lodging classification.

6 2. Activities engaged in by the Arizona exposition and state fair  
7 board or county fair commissions in connection with events sponsored by those  
8 entities.

9 3. Leasing real property to a lessee who subleases the property if the  
10 lessee is engaged in business classified under the commercial lease  
11 classification or the transient lodging classification.

12 4. Leasing real property pursuant to a written lease agreement entered  
13 into before December 1, 1967. This exclusion does not apply to the  
14 businesses of hotels, guest houses, dude ranches and resorts, rooming houses,  
15 apartment houses, office buildings, automobile storage garages, parking lots  
16 or tourist camps, or to the extension or renewal of any such written lease  
17 agreement.

18 5. Leasing real property by a corporation to an affiliated  
19 corporation. For the purposes of this paragraph, "affiliated corporation"  
20 means a corporation that owns or controls at least eighty per cent of the  
21 lessor, that is at least eighty per cent owned or controlled by the lessor or  
22 that is at least eighty per cent owned or controlled by a corporation that  
23 also owns or controls at least eighty per cent of the lessor. Ownership and  
24 control are determined by reference to the voting shares of a corporation.

25 ~~6. Leasing real property for sublease if the tenant in possession of~~  
26 ~~the property is subject to the rental occupancy tax pursuant to article 9 of~~  
27 ~~this chapter.~~

28 ~~7.~~ 6. Leasing real property for boarding horses.

29 ~~8.~~ 7. Leasing or renting real property or the right to use real  
30 property at exhibition events in this state sponsored, operated or conducted  
31 by a nonprofit organization that is exempt from taxation under section  
32 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code if the  
33 organization is associated with major league baseball teams or a national  
34 touring professional golfing association and no part of the organization's  
35 net earnings inures to the benefit of any private shareholder or individual.

36 ~~9.~~ 8. Leasing or renting real property or the right to use real  
37 property for use as a rodeo featuring primarily farm and ranch animals in  
38 this state sponsored, operated or conducted by a nonprofit organization that  
39 is exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(6),  
40 501(c)(7) or 501(c)(8) of the internal revenue code and no part of the  
41 organization's net earnings inures to the benefit of any private shareholder  
42 or individual.

43 ~~10.~~ 9. Leasing or renting dwelling units, lodging facilities or  
44 trailer or mobile home spaces if the units, facilities or spaces are intended  
45 to serve as the principal or permanent place of residence for the lessee or

1 renter or if the unit, facility or space is leased or rented to a single  
2 tenant thirty or more consecutive days.

3 ~~11-~~ 10. Leasing or renting real property and improvements for use  
4 primarily for religious worship by a nonprofit organization that is exempt  
5 from taxation under section 501(c)(3) of the internal revenue code and no  
6 part of the organization's net earnings inures to the benefit of any private  
7 shareholder or individual.

8 ~~12-~~ 11. Leasing or renting real property used for agricultural  
9 purposes under either of the following circumstances:

10 (a) The lease or rental is between family members, trusts, estates,  
11 corporations, partnerships, joint venturers or similar entities, or any  
12 combination thereof, if the individuals or at least eighty per cent of the  
13 beneficiaries, shareholders, partners or joint venturers share a family  
14 relationship as parents or ancestors of parents, children or descendants of  
15 children, siblings, cousins of the first degree, aunts, uncles, nieces or  
16 nephews of the first degree, spouses of any of the listed relatives and  
17 listed relatives by the half-blood or by adoption.

18 (b) The lessor leases or rents real property used for agricultural  
19 purposes under no more than three leases or rental agreements.

20 ~~13-~~ 12. Leasing, renting or granting the right to use real property to  
21 vendors or exhibitors by a trade or industry association that is a qualifying  
22 organization pursuant to section 513(d)(3)(C) of the internal revenue code  
23 for a period not to exceed twenty-one days in connection with an event that  
24 meets all of the following conditions:

25 (a) The majority of such vending or exhibition activities relate to  
26 the nature of the trade or business sponsoring the event.

27 (b) The event is held in conjunction with a formal business meeting of  
28 the trade or industry association.

29 (c) The event is organized by the persons engaged in the particular  
30 trade or industry.

31 ~~14-~~ 13. Leasing, renting or granting the right to use real property  
32 for a period not to exceed twenty-one days by a coliseum, civic center, civic  
33 plaza, convention center, auditorium or arena owned by this state or any of  
34 its political subdivisions.

35 ~~15-~~ 14. Leasing or subleasing real property used by a nursing care  
36 institution as defined in section 36-401 that is licensed pursuant to title  
37 36, chapter 4.

38 ~~16-~~ 15. Leasing or renting ~~a transportation~~ AN ELIGIBLE facility as  
39 ~~provided~~ DEFINED in section ~~28-7705, subsections A and B~~ 28-7701.

40 ~~17-~~ 16. Granting or providing rights to real property that constitute  
41 a profit à prendre for the severance of minerals, including all rights to use  
42 the surface or subsurface of the property as is necessary or convenient to  
43 the right to sever the minerals. This paragraph does not exclude from the  
44 commercial lease classification leasehold rights to the real property that  
45 are granted in addition to and not included within the right of profit à

1 prendre, but the tax base for the grant of such a leasehold right, if the  
2 gross income derived from the grant is not separately stated from the gross  
3 income derived from the grant of the profit à prendre, shall not exceed the  
4 fair market value of the leasehold rights computed after excluding the value  
5 of all rights under the profit à prendre. For the purposes of this  
6 paragraph, "profit à prendre" means a right to use the land of another to  
7 mine minerals, and carries with it the right of entry and the right to remove  
8 and take the minerals from the land and also includes the right to use the  
9 surface of the land as is necessary and convenient for exercise of the  
10 profit.

11 D. The tax base for the commercial lease classification is the gross  
12 proceeds of sales or gross income derived from the business, but  
13 reimbursements to the lessor for utility service shall be deducted from the  
14 tax base.

15 E. Notwithstanding section 42-1104, subsection B, paragraph 1,  
16 subdivision (b) and paragraph 2, the failure to file tax returns for the  
17 commercial lease classification that report gross income derived from any  
18 agreement that constitutes, in whole or in part, a grant of a right of profit  
19 à prendre for the severance of minerals does not constitute an exception to  
20 the general rule for the statute of limitations.

21 F. For the purposes of this section:

22 1. "Leasing" includes renting.

23 2. "Real property" includes any improvements, rights or interest in  
24 such property.

25 Sec. 5. Section 42-6208, Arizona Revised Statutes, is amended to read:  
26 42-6208. Exempt government property improvements

27 The tax under this article does not apply with respect to:

28 1. Property that is used for a governmental activity.

29 2. Property that is used for public housing.

30 3. Easements and rights-of-way of railroads and gas, electric, water,  
31 pipeline and telephone utilities.

32 4. Interests in all or any part of a facility that is owned of record  
33 by a government lessor and used primarily for athletic, recreational,  
34 entertainment, artistic, cultural or convention activities if the interest is  
35 used for those activities or activities directly related and incidental to  
36 these uses including concession stands.

37 5. Property that is located on municipal airports and airports that  
38 operate pursuant to sections 28-8423, 28-8424 and 28-8425, if the property is  
39 used for or in connection with aviation, including hangars, tie-downs,  
40 aircraft maintenance, sale of aviation related items, charter and rental  
41 activities, commercial aircraft terminal franchises, parking facilities and  
42 restaurants, stores and other services that are located in a terminal.

43 6. The use by a commercial airline of the runways and terminal  
44 facilities of state, city, town or county airports and public airports  
45 operating pursuant to sections 28-8423, 28-8424 and 28-8425.

- 1           7. Leases of property or interests in a transportation facility that  
2 is constructed or operated pursuant to title 28, chapter 22, ~~article 1 or 2~~.
- 3           8. Interests in property held in trust for an Indian or an Indian  
4 tribe by the United States government.
- 5           9. Interests in property that is defined as "contractor-acquired  
6 property" or "government-furnished property" in the federal acquisition  
7 regulations, ~~(48 Code of Federal Regulations section 45.101)~~, and that is  
8 owned by the government and used to perform a government contract.
- 9           10. Property of a corporation that is organized by or at the direction  
10 of a county, city or town to develop, construct, improve, repair, replace or  
11 own any property, improvement, building or other facility to be used for  
12 public purposes that the county, city or town pledges to lease or  
13 lease-purchase with county or municipal special or general revenues.
- 14           11. Interests in property used by a chamber of commerce recognized  
15 under section 501(c)(6) of the United States internal revenue code if the  
16 property is used predominately for those federal tax exempt purposes.
- 17           12. Interests in property used by organizations that are exempt from  
18 taxation under section 501(c)(3) of the internal revenue code.
- 19           13. Interests in parking garages or decks if the parking garages or  
20 decks are owned and operated by a government lessor or operated on behalf of  
21 a government lessor, by an entity other than the prime lessee, pursuant to a  
22 management agreement with the government lessor.
- 23           14. Residential rentals if the prime lessee is the occupant.